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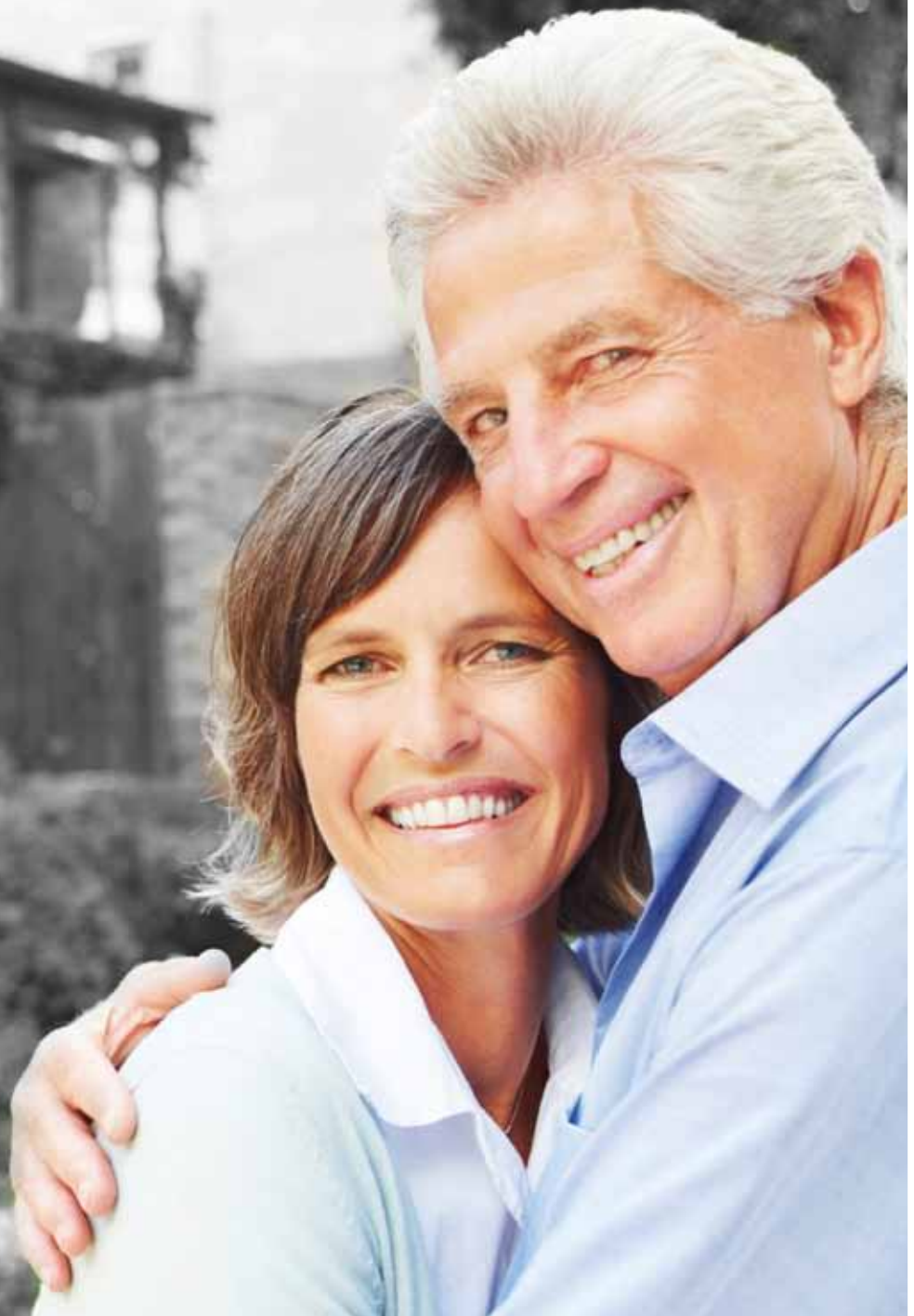
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Australian Government

Defence Force Retirement &
Death Benefits Scheme

Pension Update

ISSUE 18 – JULY 2011

DFRDB Pension Update – July 2011

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 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 March (or September) 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.

On 27 April 2011 the ABS announced a CPI figure of 176.7% for the March 2011 quarter. As the March 2011 figure is higher than the September 2010 figure of 173.3 an increase of 2.0% is payable.

How the CPI Pension adjustment is calculated

Calculate CPI increase

$$\frac{(\text{March 2011 CPI number}) - (\text{September 2010 CPI number})}{(\text{September 2010 CPI number})} \times 100 = \text{CPI change (September 2010 to March 2011)}$$
$$\frac{(176.7 - 173.3)}{173.3} \times 100 = 1.96191$$
$$= 2.0\% \text{ (when rounded to the nearest tenth of one per cent)}$$

Therefore, on payday 14 July 2011, the part of your superannuation pension that is subject to the CPI increase will be increased by 2.0%. If you would like more information about the CPI, please go to the ABS website at www.abs.gov.au.

About your pay as you go (PAYG) payment summary

Changes have been made to the way we are required to report your pension payments to the Australian Taxation Office (ATO) at the end of each financial year. You may be aware that we are now only required to include assessable income on your payment summary.

This means if you are over 60 years of age, you will have an additional paragraph included on the second page of your payment summary.

This additional information details the total amount of pension you have received in this financial year and is for your information only. You do not need to provide this to the ATO.

Understanding your payment summary – under 60 years of age

PAYG payment summary – superannuation income stream

Payment summary for year ending 30 June 2011

Payee details

your name

your address

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit www.ato.gov.au
- refer to TaxPack, or
- phone 13 28 61 between 8 am and 6 pm, Monday to Friday.

Period of payment Day/Month/Year to Day/Month/Year

Payee's tax file number

This is the amount of tax you have paid in this financial year.

TOTAL TAX WITHHELD \$

Taxable component

<p>Taxed element</p> <p>Untaxed element</p> <p>Tax-free component</p> <p>Tax offset amount</p>	<p>\$ <input style="width: 100%; height: 20px;" type="text"/></p> <p>\$ <input style="width: 100%; height: 20px;" type="text"/></p> <p>\$ <input style="width: 100%; height: 20px;" type="text"/></p> <p>\$ <input style="width: 100%; height: 20px;" type="text"/></p>	<p>As your pension is fully untaxed, this component is not included in your pension.</p> <p>You will have an amount here if you applied your non-concessional component against your pension.</p> <p>As your pension is fully untaxed, no tax offset applies when you are under the age of 60.</p>
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Lump sum in arrears - taxable component

<p>Taxed element</p> <p>Untaxed element</p> <p>Lump sum in arrears – tax-free component</p>	<p>\$ <input style="width: 100%; height: 20px;" type="text"/></p> <p>\$ <input style="width: 100%; height: 20px;" type="text"/></p> <p>\$ <input style="width: 100%; height: 20px;" type="text"/></p>	<p>Once you reach the age of 60, you receive a 10% tax offset on your untaxed element.</p>
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Payer details

Payer's ABN or withholding number Branch number

Payer's name

Signature of authorised person Date

This amount is untaxed and is paid from consolidated revenue. This component is taxed at the marginal tax rate.

This is the amount that was paid to you this financial year that was accumulated in a previous financial year.

Understanding your payment summary – over 60 years of age

PAYG payment summary – superannuation income stream
Payment summary for year ending 30 June 2011

Payee details
 your name
 your address

NOTICE TO PAYEE
 If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit www.ato.gov.au
- refer to TaxPack, or
- phone 13 28 61 between 8 am and 6 pm, Monday to Friday.

Period of payment Day/Month/Year to Day/Month/Year This is the amount of tax you have paid in this financial year.

Payee's tax file number

TOTAL TAX WITHHELD \$

Taxable component

Taxed element \$ As this component is not part of your assessable income after age 60 this will be blank. The taxed element of pension you received during the year will be shown on the second page of your payment summary under **Non-assessable non-exempt**.

Untaxed element \$ As this component is not part of your assessable income after age 60 this will be blank. The tax-free component of pension you received during the year will be shown on the second page of your payment summary under **Non-assessable non-exempt**.

Tax-free component \$

Tax offset amount \$ This amount is a 10% tax offset of your untaxed element that is automatically applied when you turn 60.

Lump sum in arrears - taxable component

Taxed element \$

Untaxed element \$

Lump sum in arrears - tax-free component \$

Payer details

Payer's ABN or withholding number Branch number
 Payer's name

Signature of authorised person Date

This amount is your untaxed source and is paid from consolidated revenue. This component is taxed at the marginal tax rate and then a 10% offset is applied.

This is the amount that was paid to you this financial year that was accumulated in a previous financial year.

The tax-free component and taxed element of your pension payments are non-assessable non-exempt (NANE) payments and are not reported on your payment summary, if you are over age 60 for all payments made in the financial year. You do not pay tax on NANE payments and you are not required to report this amount in your tax return.

The total pension payments you received for the financial year, including amounts not reported on your payment summary are:

Untaxed element \$

Non-assessable non-exempt \$ This amount is the combination of your taxed element and tax-free component of pension you received for the year. This amount is not required to be reported to the ATO and is for your information only.

Lump sum in arrears

Taxed element \$

Untaxed element \$

Tax-free component \$

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 children are entitled to receive a pension that is a percentage of your uncommuted pension entitlement due to you at the time of your death. The application process will take some time, so please ensure your family members are 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 last will and testament who is eligible for a spouse or child 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. A list of professions that can certify these documents is provided. Please take note that we require these documents to be certified due to Anti-Money Laundering/Counter Terrorism Financing legislation. This information is on the application form. Correctly certified documents will ensure that there are no delays in processing the benefits.

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 ATO 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

DFRDB Pension Update – July 2011

Pre-July 1983 excess contributions

What are pre-July 1983 excess contributions?

These are contributions made before 1 July 1983 which, together with life insurance premiums (if any), exceeded an annual limit of \$1,200.

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.

If you have not already told us about your pre-July 1983 excess contributions, please fill out the tax free amount variation form **D83** at

www.dfrdb.gov.au/publications_forms/forms.html.

To complete this form you will need to include documentation from the ATO confirming the value of your pre-July 1983 excess contributions. Please note we cannot accept documentation issued before 1 July 2007. Further instructions for obtaining this documentation are included in the **D83** form.

Pensioner services online

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 **Pensioner services online** please call **1300 001 877** and we can give you an access number over the phone.

Changes to periodic invalidity classification reviews

In 2009 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 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.

Re-entry into the Defence Force

If you are planning to return to the Australian Defence Force (ADF) 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 ADF 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 via a D100 form available through the DFRDB website at www.dfrdb@gov.au.

You can now submit your D100 form electronically by completing the online form at www.dfrdb.gov.au/onlineforms/D100/index.php

It is your responsibility to ensure that an election is received by ComSuper before you recommence service.

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 will 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
- you are **not** eligible for invalidity and death benefits.

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
- you are eligible for invalidity and death benefits.

In either of the above situations:

If you elect to join MilitarySuper, or **we fail to receive 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 ADF service **without a break.**

An exception to this applies for members who are serving in the Reserves for less than 12 months, do not have a break in CFTS, and then change to either:

- the permanent ADF
- or
- CFTS for 12 months or more in the Reserves.

Important information: If this applies, you must make another scheme election before the first day of the extension or continuation within this time or you will automatically and irrevocably 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 or complete the online form and submit it electronically
- These are available from the DFRDB website at **www.dfrdb.gov.au**.



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Unclaimed DFRDB productivity benefits

If you return to the ADF Reserves 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. However, you are not eligible for invalidity and death benefits.

The productivity benefit consists of a basic amount of three percent plus a super guarantee amount of six percent calculated on your superannuation salary. 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 time earnings (OTE). This extra amount, if applicable, is paid to MilitarySuper as an ancillary benefit by your employer and will be shown on your MilitarySuper **Annual Member Statement**.

To claim your productivity benefit at the end of your service, you must complete the **Application for superannuation productivity benefit** form (**D10**) 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 MilitarySuper scheme until you claim it.

If you have completed an ADF 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**.



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 required 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 are 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 you can forward this information to DFRDB and we will apply any changes to your tax on the next available payday.

We want your feedback!

If you would like to give your feedback, email pensions@dfldb.gov.au or write to us at the address given at the back of this Pension Update.

If you're 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 can't 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 complaints.

You can contact the SCT directly by:

Phone	1300 884 114
Fax	03 8635 5588
Email	info@sct.gov.au
Web	www.sct.gov.au
Post	Superannuation Complaints Tribunal Locked bag 3060 GPO Melbourne VIC 3001

Do you need to update your address or banking details?

You can update your address or banking details at **Pensioner services online** or contact us using the details given at the back of this Pension Update.

Please note that any address changes made after 9 December 2011 will not be processed for the January 2012 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 January 2012 CPI pack.

Any bank or tax changes made after 9 December 2011 will not be effective until payday 12 January 2012.

Family law information available online

If you are a DFRDB pensioner or a spouse of a pensioner who is in the process of a divorce or separation and need information on family law matters, you can obtain the information from the DFRDB website at www.dfrdb.gov.au.

There are forms you need to fill out if you require any information to be released from us about your pension for family law purposes.

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Useful contacts

Australian Taxation Office (ATO)

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

www.ato.gov.au

Personal tax enquiries 13 28 61

Superannuation tax enquiries 13 10 20

Centrelink

Centrelink deliver a range of Commonwealth services to the Australian community. Contact Centrelink for information about your eligibility concerning the age pension, pensioner concession cards, widow B pension, wife pension, Commonwealth seniors health card or various other financial services.

www.centrelink.gov.au

Retirement service 13 23 00

If you have a hearing impairment or have a speech impediment:

Voice and TTY 13 36 77

Voice and TTY 1800 555 677

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

Veterans and Veterans' Families 1800 011 046

Counselling Service (VVFCS)

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@dfldb.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 am to 5 pm EST 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

Web www.dfrdb.gov.au

Complaints

Phone **1300 033 732**

Email complaints@dfldb.gov.au

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



