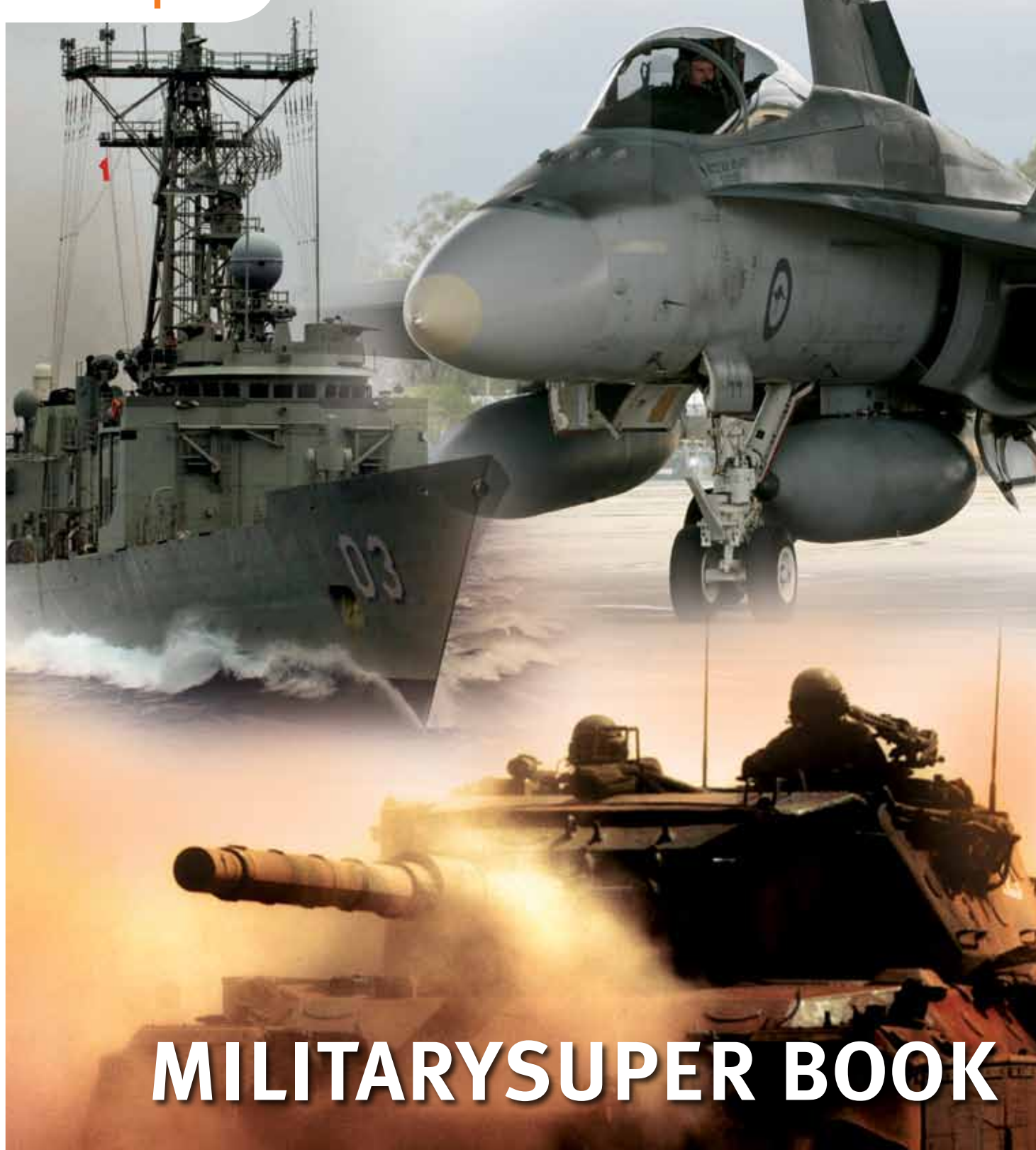


The logo for Military Super, with 'Military' in black and 'Super' in orange, set against a white background with rounded corners.

**Military
Super**



MILITARYSUPER BOOK

*A summary of the Military Superannuation
and Benefits Scheme*

30 JUNE 2011

www.militarysuper.gov.au

MilitarySuper Book

This document was prepared and issued on 30 June 2011 by the Trustees of the Military Superannuation and Benefits Scheme, known as the MSBS or MilitarySuper. It provides an outline of the main features of the Scheme. Information relating to your options for investing your member benefit can be found in the *Member Investment Choice Guide*.

The information contained in this document is correct at the time of printing, 30 June 2011. Changes to government legislation or superannuation rules made after this date may affect its accuracy. In the event that there are changes to the information contained in this book, unless the change is material, the information will be available from the MilitarySuper website at www.militarysuper.gov.au

***This document contains
general advice or
information only.***

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Preface

The purpose of this book

This book has been designed to provide you with information on the main features of MilitarySuper, the common name for the Military Superannuation and Benefits Scheme or MSBS. This book covers how it is administered, how your contributions are paid into an investment fund, how the fund is managed, how its earnings are allocated, and how MilitarySuper pays a benefit to you when you leave the Australian Defence Force (ADF). It outlines the different types of benefits available including a range of ancillary benefits, and shows how the various benefits are calculated.

You can use this book to get a feeling for all the options that MilitarySuper can offer you. If you have a specific query about your entitlements, look up the relevant chapter to get an understanding of the general principles involved, and work through the examples.

If your question is not fully answered, your pay officer has a series of fact sheets that explain specific Scheme topics in more detail. You can also download copies of the fact sheets from our website at www.militarysuper.gov.au. Your employer, the Department of Defence, can provide you with factual information on the features of the Scheme. However, they are not authorised to provide you with details about specific options which may be available to you or which options you should choose.

Our website has an online i-Estimator program which most members can use to calculate estimates of the benefits you may be entitled to.

This book also provides information for current Defence Force Retirement and Death Benefits (DFRDB) Scheme contributors who may decide to make voluntary ancillary contributions, for associates and non-member spouses (ancillary spouses) who have equity in MilitarySuper.

Should you be a DFRDB member with ancillary benefits, an associate or an ancillary spouse and you have questions that need answering, contact the MilitarySuper Customer Service Centre on **1300 006 727**.

If you are still unsure about anything to do with MilitarySuper, call the MilitarySuper Customer Service Centre on **1300 006 727** to get more help. There is no charge for information except for certain family law information and certain requests under Freedom of Information. Visit the MilitarySuper website at www.militarysuper.gov.au for details.

Abbreviations

Throughout this book, we use abbreviations to refer to various entities involved in the administration of MilitarySuper. Their full names are as follows:

The Act	<i>The Military Superannuation and Benefits Act 1991</i>
The Board	The entity responsible for the administration of the Scheme and the investment of the Fund ABN: 72 406 779 248 AFSL: 238395
The Scheme	The Military Superannuation and Benefits Scheme (MSBS), also referred to as 'MilitarySuper'
The Fund	The Military Superannuation and Benefits Fund No. 1 ABN: 50 925 523 120 SPIN: CMSO103AU
The Minister	The Minister for Defence Science and Personnel
MilitarySuper	The Military Superannuation and Benefits Scheme



5 Highlights of MilitarySuper

Members often ask ‘What are the advantages of MilitarySuper?’ and ‘What makes MilitarySuper different from other schemes?’

Here are five good reasons to be a member of MilitarySuper:

1. The employer benefit is calculated on your salary in the last three years of service, complemented by an excellent employer benefit accrual rate.

In most superannuation schemes the employer contribution is about 9% of your salary at any given point in time. In MilitarySuper the employer contribution ranges between 18% and 28% of your salary for superannuation purposes averaged over your last three years of service.

Years of service	% of FAS per year of service
Less than 7 years	18%
7 years to 20 years	23%
20 years onward	28%

2. Excellent death and invalidity cover.

See the relevant sections of this book for more information on invalidity and death benefits. These benefits are provided at no additional cost to members.

3. No administration fees or charges payable by you—all are met by your employer.

Other schemes may apply annual administration charges, entry charges, and exit fees. Investment management charges are deducted before unit prices are declared.

4. Attractive lump sum to pension conversion rates for the employer benefit. Pensions are subject to full consumer price index (CPI) updating.

Upon retirement you can elect to receive your employer benefit as a lump sum, a full pension, or you may elect to take part lump sum and part pension. If you choose the latter, you must take 50% or more as a pension and the remainder as a lump sum.

Pensions are subject to full CPI updating every six months (ensuring that \$1 in 2011 will be equivalent to \$1 in 2028).

5. The member benefit, which includes any ancillary contributions you wish to make, accumulates separately from your employer-funded benefit.

The member benefit, including any ancillary contributions, is ‘funded’, which means your contributions are paid into an investment fund where they earn interest. Therefore, the value of your member benefit lump sum depends on the rate of contributions you pay (5–10%), whether or not you make ancillary contributions and your chosen investment strategies.

On the other hand, your employer-funded benefit is a guaranteed amount and is unaffected by investment conditions. Thus you have the best of both worlds.



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Introduction

Membership of an employer-subsidised superannuation scheme like MilitarySuper guarantees you an income when you leave the workforce, and helps provide security during your working life by covering you and your dependants in the event of invalidity retirement or death. Invalidity and death cover is provided at no cost to members.

Unlike other schemes, MilitarySuper is specifically designed to meet the needs of members of the Australian Defence Force.

MilitarySuper—what is it?

All new Australian Defence Force entrants must become members of MilitarySuper, the superannuation scheme that covers most of the ADF.

The Scheme is managed by a Board of Trustees, in which equal representation is given to Scheme members and the employer (the Australian Government). The general administration of the Scheme is undertaken by ComSuper in Canberra. Money collected through your contributions is invested by Board-appointed investment managers in accordance with policies determined by the Board.

MilitarySuper is governed by the *Military Superannuation and Benefits Act 1991* (the Act), a Trust Deed and Rules. It complies with the standards set down in the *Superannuation Industry (Supervision) Act 1993* (SIS) and those applicable to a holder of an Australian Financial Services Licence under Corporations Law.

The MilitarySuper rules allow for voluntary ancillary contributions to be made into MilitarySuper. These can be made by not only MilitarySuper members, but also current Defence Force Retirement and Death Benefits (DFRDB) contributors.

MilitarySuper offers you:

- » retirement benefits that become fully available when you leave the workforce after reaching your preservation age (see Table 1)
- » invalidity benefits if you are discharged for medical reasons
- » benefits to your eligible dependants when you die
- » a range of voluntary ancillary benefits.

MilitarySuper benefits consist of two parts:

- » a member benefit made up of your own fortnightly contributions, any voluntary ancillary contributions and interest earned by way of changes in unit prices.
- » an employer benefit, which is the government's contribution to your superannuation. Your employer benefit includes a 3% productivity benefit.

If you joined the Scheme before 1 July 1999, part of your member benefit is payable as a lump sum when you leave the Australian Defence Force, with the remainder available when you reach your preservation age and leave the workforce.



After leaving the Australian Defence Force from age 55, you can do one of the following:

- » take your employer benefit as a consumer price index (CPI) indexed pension
- » roll over your employer benefit to another regulated superannuation fund
- » take 50% or more of your employer benefit as a CPI-indexed pension and preserve the balance in MilitarySuper or in a regulated superannuation fund—but you generally cannot take your employer benefit as a lump sum until you reach your preservation age and retire from the workforce.

Generally, any ancillary contributions are payable as a lump sum only, and can be taken when you permanently retire from the workforce. Page 55 describes your options in more detail.

Table 1: Preservation age

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

Also, as a MilitarySuper member, you may be eligible for a retention benefit. Determining eligibility for a retention benefit and paying the benefit is handled by the Department of Defence and not the Board or the Scheme administrator, ComSuper. You should contact your pay officer for details.



Your contributions

As a Scheme member, you must pay a proportion of your salary every fortnight. Your salary for superannuation purposes includes service allowance, higher duties allowance, payments for acting or temporary rank and certain environmental allowances. All other allowances are excluded.

You must contribute 5% of your superannuation salary into the fund. However, you may increase your contributions to a maximum of 10%, in multiples of 1%. You cannot change your rate of contributions more than once every three months. Contributions above 5% will increase your member benefit but will not have any effect on your employer benefit. Whatever rate you choose, your contributions will be deducted automatically from your pay every fortnight.

You may also choose to make voluntary superannuation contributions known as ancillary contributions.

Contribution limits

There is a limit, known as the non-concessional limit, on the amount of member contributions you can pay into your superannuation (from your after tax salary) without incurring additional tax.

The limit across all your superannuation funds is either:

- » maximum \$150 000 per year
- » maximum \$450 000 over three years for members under 65.

Although industry-wide taxation rules permit you to pay the full amount of \$450 000 in one year and not contribute in the following two years, you need to be aware, so far as your MilitarySuper membership is concerned, that unless you have reached your lump sum or pension maximum benefit limit (MBL, see page 33) and ceased contributing to MilitarySuper you must contribute a minimum of 5% of your salary each fortnight. Any personal contributions made over the limits will be taxed at the top marginal tax rate (plus Medicare levy) by the Australian Taxation Office (ATO) on an annual basis.

There is also another contributions limit called the concessional contributions cap which imposes a limit on amounts you can contribute across all your superannuation funds (from your before tax salary) before you incur additional tax. The most common type of concessional contribution is salary sacrifice. As a member of MilitarySuper, productivity contributions paid by the Department of Defence also count towards your concessional contributions cap. Currently the concessional contribution limit across all your superannuation funds is \$25 000. A transitional concessional contributions cap of \$50 000 applies until 30 June 2012 for those aged 50 years or older. Thereafter, the \$25 000 cap will apply to all members.

Concessional contributions above the caps will be taxed at the top marginal tax rate (plus the Medicare levy). Concessional contributions above the concessional contributions caps will be counted towards your non-concessional contributions cap.

The concessional and non-concessional limits will be indexed by the ATO periodically and any changes will be available from www.ato.gov.au and our website.

Tax file numbers

MilitarySuper cannot accept your personal member contributions if we do not have your tax file number (TFN).

For more information, please see the fact sheet on *Taxation of Contributions* at www.militarysuper.gov.au



What are ancillary contributions?

The term ‘ancillary contributions’ describes a range of voluntary contributions or transfers you can make to MilitarySuper for yourself or on behalf of your spouse. There are seven types of ancillary contributions which can be paid into MilitarySuper. These seven types are described in detail below.

MilitarySuper cannot accept some ancillary contributions if we do not have your TFN.

For more information, please see the fact sheet on *Taxation of Contributions* at www.militarysuper.gov.au

Who can make ancillary contributions?

To be eligible to make ancillary contributions you must be a contributing serving member of the Australian Defence Force. That is, ancillary contributions cannot be paid by preserved benefit members.

1. Additional personal contributions

Additional personal contributions are contributions you can voluntarily make in addition to your regular MilitarySuper contributions. Note the limit on the amount of personal contributions you can pay into your superannuation without incurring additional tax.

No tax is payable on these contributions on entry to MilitarySuper as these contributions are paid from your after tax salary. If, however, you exceed your non-concessional limit, these contributions will be taxed at the highest marginal rate at the end of the financial year.

2. Salary sacrifice

Salary sacrifice contributions are contributions from your pre-tax salary that you can voluntarily make in addition to (not instead of) your regular contributions to MilitarySuper (these contributions count towards your concessional contributions cap). As these are organised through the ADF, you will need to contact your pay unit in order to start or stop salary sacrifice deductions.

Fifteen per cent tax is deducted from these contributions on receipt in MilitarySuper.

3. Transfer amounts

You can transfer benefits from any of the following institutions to MilitarySuper:

- » another regulated superannuation fund
- » a retirement savings account
- » an approved deposit fund
- » the Special Account, previously called the Superannuation Holding Account Reserve (SHAR).

Amounts transferred into MilitarySuper from other superannuation funds will not count towards the contribution caps. Fifteen per cent tax is deducted from any untaxed portion of the transfer amount on receipt in MilitarySuper.

4. Spouse contributions

Spouse contributions are contributions you can make to MilitarySuper for your spouse.

Your spouse will become an associate of MilitarySuper and his or her contributions will be kept in a separate account.

To be eligible to pay spouse contributions, your spouse must be a person who shares a marital or couple relationship with you. A marital or couple relationship exists if you have been living together as husband, wife or partner on a permanent and bona fide domestic basis for a continuous period

of at least three years. If the period is less than three years, MilitarySuper will need to consider evidence to determine if spouse contributions can be received. This includes, but is not limited to, evidence establishing any of the following:

- » your spouse is wholly or substantially dependent on you
- » you are legally married
- » you are in a relationship which was registered under a law of a state or territory as a prescribed type of relationship
- » you have a child born of the relationship or adopted during the relationship
- » you have a child of both of you within the meaning of the *Family Law Act 1975*
- » you jointly own a home which is your usual residence.

Once you have made these contributions, the benefit belongs to your spouse and will be payable to him or her. You do not have any right to this benefit.

Your spouse will also be able to choose any of the investment choices, and switch between options at any time.

No tax is payable on these contributions on entry to MilitarySuper, as these contributions are paid from your after-tax salary.

You and your spouse need to be aware of the contribution limits.

5. Co-contributions

Unlike the other ancillary contributions, co-contributions are not a product provided by MilitarySuper.

Co-contributions are an additional contribution from the Australian Government for eligible individuals. If your assessable income and fringe benefits are less than the limit imposed by the government, you are entitled to receive a co-contribution.

The Scheme will only be able to accept a co-contribution on your behalf if it has accrued to you during service with the Australian Defence Force.

Government co-contributions will not be included in the contribution caps and will be tax free when you withdraw your benefit.

No tax is payable on these co-contributions on entry into MilitarySuper.

6. Super Guarantee amounts received from the ATO

These are contributions collected from your previous employer by the ATO under the Superannuation Guarantee Scheme.

7. Super Guarantee amounts received from the Department of Defence

The Superannuation Guarantee legislation now requires employers to use ordinary times earnings (OTE) as the earnings base for calculating the 9% compulsory employer contributions. For most members, the employer contributions of 18%, 23% and 28% of salary for superannuation purposes (depending on years of service) significantly exceeds the required amount. For some members who from time to time receive allowances or bonuses which do not count as salary for superannuation purposes, there could be a shortfall.

On a quarterly basis, the Department of Defence determines if there is a shortfall for individual members and if so, an amount equal to 9% of the shortfall for that quarter (subject to a cap) is paid into an ancillary account in MilitarySuper for the member.



Claiming your ancillary benefit

Information about claiming your ancillary benefit can be found on page 55. You can rollover your ancillary benefit to another regulated superannuation fund, retirement savings account or approved deposit fund at any time. However, you will not be able to claim the benefit from that rollover institution until the benefit becomes payable under the rules of that fund. Generally, this is not until you have reached your preservation age and retired from the workforce.

Investment choice

There are two main parts to your MilitarySuper benefits. They are the employer benefit and the member benefit which includes any ancillary contributions.

Your employer benefit is paid for entirely by your employer. A small part of it is funded; that is, your employer regularly pays contributions into MilitarySuper whilst you are contributing and the rest is paid by your employer when you claim your benefits.

Your own contributions, including any ancillary contributions and investment returns, make up your member benefit. MilitarySuper offers a range of investment options in which you can choose to invest your member benefit including any ancillary benefit. Investment choice is not relevant to your employer benefit.

Your member benefit

This part of your benefit is made up of:

YOUR CONTRIBUTIONS
(including any ancillary contributions)



INVESTMENT RETURNS

You can choose how to invest your member benefit by selecting one or any combination of the following five investment options:

CASH

CONSERVATIVE

BALANCED

GROWTH

HIGH GROWTH

MilitarySuper investment options

If you do not make a choice of investment option for your member benefit including any ancillary contributions, it is invested in the Growth (default) option. None of the investment options offered are capital guaranteed. Any investment activity carries with it an inherent risk and as a result investment performance will fluctuate in line with the markets in which the fund is invested.

It is therefore possible for investment returns to be negative from time to time and as a consequence the value of your member benefit including any ancillary benefit may rise and fall. In these circumstances it is possible that if you leave the fund within a few years your member benefit might be less than the amount you have contributed because of the level of investment earnings. However, the reverse also applies when investment returns are positive.

For current MilitarySuper members, ancillary contributions (other than spouse contributions) are invested in the same option or combination of options as regular member contributions. Changes in your investment option automatically include your ancillary contributions.

You can switch between options at any time, free of charge. The Board may introduce a fee to switch investment options in the future. If such a fee is to be introduced, you will be notified in advance.



Before making an investment choice you should read the MilitarySuper publication Member Investment Choice Guide. You can obtain one from the MilitarySuper website www.militarysuper.gov.au or by calling 1300 006 727.

Tracking investment performance

Contributions you pay to MilitarySuper purchase units at the price for the investment strategy in which your benefit is invested on the day the contributions are received. Thereafter, the value of those contributions is equal to the number of units purchased multiplied by the relevant unit price for the day on which the valuation is made.

Daily unit prices for all of the investment options offered are published on the MilitarySuper website.

For more information on how unit prices are determined and how your contributions are invested, see the chapter on *The Investment Fund* on page 69. Your annual *Member Statement* also explains how your benefits are calculated.

Leave without pay (LWOP)

Contributions must be paid for LWOP of up to 21 days, but are not permitted if LWOP is more than 21 days, unless it is granted for:

- » maternity or paternity reasons (birth/pregnancy procedure/adoption)
- » compassionate reasons
- » accompanying a Defence Force spouse on a Defence Force posting
- » study, training or other activity which is approved as relevant to Defence Force requirements
- » Defence Force approved full-time employment
- » temporary physical or mental incapacity.

Where LWOP is granted for one of the above reasons you may elect, before the LWOP ceases, to pay contributions for part or all of the period. An election to contribute during a period of LWOP can be revoked at any time after three months from the date of election. Examples of how electing to pay contributions affects your benefits are set out on the following page.



Growth of the MilitarySuper employer benefit

In most cases, payment of contributions whilst on LWOP will mean that the MilitarySuper employer benefit will grow for each fortnight that a contribution is paid during the LWOP period, as shown in example A.

The exceptions are for leave granted on compassionate grounds, or to accompany a Defence Force spouse on a posting. In these cases the employer benefit will not grow, even though contributions are permitted. In the case of employment LWOP, growth of the employer benefit is subject to your new employer paying the full productivity and notional employer contribution. This is currently a total of 27% of salary. If this applies to you, you or your new employer should ring MilitarySuper to establish the current rate as this rate will vary over time.

Continuity of service for the retention benefit

You may need to consider the effect that any non-contributory LWOP might have on your eligibility for the retention benefit. You should obtain information from the Department of Defence, or contact your pay unit.

Outline of LWOP provisions

Table 2 outlines the LWOP provisions. Detailed information can be obtained from ComSuper.

Invalidity and death cover whilst on LWOP

You have full invalidity and death cover whilst on LWOP regardless of whether contributions are paid during the LWOP period. However, in cases where payment of contributions attracts growth of the employer benefit, this increase will be reflected in your ongoing invalidity and death cover, and will also add to the employer benefit for other modes of separation. Salary for MilitarySuper purposes is the MilitarySuper salary you would have received had you not been on LWOP.

Table 2: MilitarySuper leave without pay

	May elect to pay contributions for:	MilitarySuper—payment will attract employer benefit accrual:
Paternal (maternity/paternity)	9 months	Yes
Accompanying spouse or compassionate	2 years	No
Approved education/training/other activity/temporary incapacity	No limit	Yes, but limited to the first 12 months
Full-time employment	No limit	Yes ¹

¹ Provided the employer pays the full employer contribution of 27% of salary.

Absence without leave (AWOL)

In the event of death whilst on salary-forfeited AWOL for a continuous period of more than 21 days, there is no MilitarySuper death benefit available to an eligible spouse, child or children, or to your estate unless the Board is satisfied that there are sufficient mitigating circumstances. Instead, a resignation benefit becomes payable.

Should invalidity retirement result, due to an occurrence whilst on salary-forfeited AWOL for a continuous period of more than 21 days, there is no MilitarySuper invalidity benefit available unless the Board is satisfied that there are sufficient mitigating circumstances. Instead a resignation benefit becomes payable.

Paid leave

Full normal contributions are required during any period of paid leave, including a period of paid leave on less than full pay, such as long service leave on half pay.

EXAMPLE A: LEAVE WITHOUT PAY

While on maternity leave for nine months with an average salary of \$46 000, continued payment of contributions for the whole period would accrue an employer benefit of at least \$6210 calculated as follows

$$\$46\,000 \times 18\% \times 9/12.$$



DFRDB contributors

If you are a current DFRDB contributor you may choose to make voluntary superannuation contributions to MilitarySuper.

Should you choose to make voluntary ancillary contributions to MilitarySuper, you do not become a member of MilitarySuper. You remain a member of the DFRDB Scheme but any ancillary contributions are paid into MilitarySuper.

What are ancillary contributions?

The term ‘ancillary contributions’ describes a range of voluntary contributions or transfers you can make to MilitarySuper for yourself or on behalf of your spouse. When they become payable they are paid as an additional benefit to your DFRDB benefit. There are seven types of ancillary contributions which can be paid into MilitarySuper. These are described in detail below.

MilitarySuper cannot accept some ancillary contributions if we do not have your tax file number.

For more information, please see the fact sheet on *Taxation of Contributions* at www.militarysuper.gov.au

1. Additional personal contributions

Additional personal contributions are contributions you can voluntarily make in addition to your regular DFRDB contributions.

Note the limit on the amount of personal contributions you can pay into your superannuation without incurring additional tax on page 10.

No tax is payable on these contributions on entry to MilitarySuper, as these contributions are paid from your after-tax salary. If, however, you exceed your non-concessional limit, these contributions will be taxed at the highest marginal rate at the end of the financial year.

2. Salary sacrifice

Salary sacrifice contributions are contributions from your pre-tax salary that you can voluntarily make in addition to (not instead of) your regular contributions to DFRDB. As these are organised through Defence, you will need to contact your pay unit in order to start or stop salary sacrifice deductions.

There is also a limit on the amount of concessional contributions you can pay into your superannuation without incurring additional tax.

Concessional contributions include salary sacrifice amounts and employer contributions. You should note the limits on page 10.

Concessional contributions above the caps will be taxed at the top marginal tax rate (plus the Medicare levy). Concessional contributions above the concessional contributions caps will be counted towards your non-concessional contributions cap.

Fifteen per cent tax is deducted from these contributions on receipt in MilitarySuper.



3. Transfer amounts

You can transfer benefits from any of the following institutions to MilitarySuper:

- » another regulated superannuation fund
- » a retirement savings account
- » an approved deposit fund
- » the Special Account, previously called the Superannuation Holding Account Reserve (SHAR).

You cannot transfer a DFRDB benefit into MilitarySuper, as that Scheme is not a regulated superannuation fund.

Fifteen per cent tax is deducted from any untaxed portion of the transfer amount on receipt in MilitarySuper.

Amounts transferred into MilitarySuper from other superannuation funds will not count towards the contribution caps.

4. Spouse contributions

Spouse contributions are contributions you can make to MilitarySuper for your spouse.

Your spouse will become an associate of MilitarySuper and his or her contributions will be kept in a separate account.

To be eligible to pay spouse contributions, your spouse must be a person who shares a marital or couple relationship with you. A marital or couple relationship exists if you have been living together as husband and wife or partners on a permanent and bona fide domestic basis for a continuous period of at least three years. If the period is less than three years, MilitarySuper will need to consider evidence to determine if spouse contributions can be received. This includes, but is not limited to, evidence establishing any of the following:

- » your spouse is wholly or substantially dependent on you
- » you are legally married
- » you are in a relationship which was registered under a law of a state or territory as a prescribed type of relationship
- » you have a child born of the relationship or adopted during the relationship
- » you have a child of both of you within the meaning of the *Family Law Act 1975*
- » you jointly own a home which is your usual residence.

Once you have made these contributions, the benefit belongs to your spouse and will be payable to him or her. You do not have any right to this benefit. This benefit will be payable as a lump sum only, rather than as a pension.

Your spouse will also be able to choose any of the investment choices and switch between options at any time.

No tax is payable on these contributions on entry to MilitarySuper, as these contributions are paid from your after-tax salary.

You and your spouse need to be aware of the contribution limits.



5. Co-contributions

Unlike the other ancillary contributions, co-contributions are not a product provided by MilitarySuper.

Co-contributions are an additional contribution from the Australian Government for eligible individuals.

If your assessable income and fringe benefits are less than the limit imposed by the government, you are entitled to receive a co-contribution using information from DFRDB and your tax return.

If you are an eligible recipient of a co-contribution and you are in the DFRDB Scheme, the co-contribution will be paid into MilitarySuper.

The Scheme will only be able to accept a co-contribution on your behalf if it has accrued to you during service with the Australian Defence Force.

Government co-contributions will not be included in the contribution caps and will be tax free when you withdraw your benefit.

No tax is payable on these contributions on entry to the fund.

6. Super Guarantee amounts received from the ATO

These are contributions collected from your previous employer by the ATO under the Superannuation Guarantee Scheme.

7. Super Guarantee amounts received from the Department of Defence

The Superannuation Guarantee legislation now requires employers to use ordinary times earnings (OTE) as the earnings base for calculating the 9% compulsory employer contributions. For most members, the employer contributions of 18%, 23% and 28% of salary for superannuation purposes (depending on years of service) significantly exceeds the required amount. For some members who from time to time receive allowances or bonuses which do not count as salary for superannuation purposes, there could be a shortfall.

On a quarterly basis, the Department of Defence determines if there is a shortfall for individual members and if so, an amount equal to 9% of the shortfall for that quarter (subject to a cap) is paid into an ancillary account in MilitarySuper for the member.

Claiming your ancillary benefit

Information about claiming your ancillary benefit can be found at page 55. You can rollover ancillary contributions to another regulated superannuation fund, retirement savings account, or approved deposit fund at any time. However, you will not be able to claim the benefit from that rollover institution until the benefit becomes payable under the rules of that fund. Generally, this is not until you have reached your preservation age and retired from the workforce.

Investment choice

Your ancillary contributions and investment returns make up your ancillary benefit. MilitarySuper offers a range of investment options in which you can choose how to invest your ancillary benefit (including any co-contribution).



Before making an investment choice you should read the MilitarySuper publication *Member Investment Choice Guide*. You can obtain one from the MilitarySuper website www.militarysuper.gov.au or by calling 1300 006 727.



Your ancillary benefit

You can choose how to invest your ancillary benefit by selecting one or any combination of the following five investment options:

CASH

CONSERVATIVE

BALANCED

GROWTH

HIGH GROWTH





MilitarySuper investment options

You can choose one investment option or a combination of options. If no choice is made your ancillary contributions are invested in the Growth (default) option. You can switch between options at any stage, free of charge. The Trustees may introduce a fee to switch investment options in the future. If such a fee is introduced, you and your spouse will be notified.

None of the investment options offered are capital guaranteed. Any investment activity carries with it an inherent risk. As a result, investment performance will fluctuate in line with the markets in which the fund is invested. It is therefore possible for investment returns to be negative from time to time and as a consequence the value of your ancillary component may rise and fall.

In these circumstances, it is possible that if you leave the fund within a few years, your ancillary component might be less than the amount you have contributed because of the level of investment earnings. However, the reverse also applies when investment returns are positive.

Tracking investment performance

Contributions you pay to MilitarySuper purchase units at the price for the investment strategy in which your ancillary benefit is invested on the day the contributions are received. Thereafter, the value of those contributions is equal to the number of units purchased, multiplied by the relevant unit price for the day on which the valuation is made.

Daily unit prices for all of the investment strategies offered are published on the MilitarySuper website.

For more information on how unit prices are determined and how your contributions are invested, see the chapter on *The Investment Fund* (page 69). Your annual *Ancillary Member Statement* also explains how your benefits are determined.

How is an ancillary benefit paid?

When an ancillary benefit is payable, it will be paid as a lump sum only.

When can you claim your ancillary benefit?

You can claim your benefit either:

- » when you have reached preservation age (see Table 3) and are permanently retired from the workforce
- » when you reach 60 and you have ceased employment or change employers after the age of 60
- » when you reach 65 years of age
- » if the Board is satisfied that you have met the requirement of total and permanent incapacity
- » if the Board is satisfied that you meet the requirements for severe financial hardship
- » if the Australian Prudential Regulation Authority (APRA) approves payment on specified grounds.

Your benefit will also be payable to an eligible spouse, eligible child or children, or your estate, in the event of your death.



Rolling over your ancillary benefit

You can rollover your ancillary benefit to another regulated superannuation fund, retirement savings account or approved deposit fund at any time. However, you will not be able to claim the benefit from that rollover institution until you satisfy the age/employment conditions (or conditions of release) as outlined above.

Further details can be obtained from the MilitarySuper website www.militarysuper.gov.au or by calling **1300 006 727**.

What is my preservation age?

Table 3: Preservation ages

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60



Non-member ancillary spouse

Spouse contributions

Spouse contributions are contributions made to MilitarySuper by contributing members on behalf of your spouse.

When these contributions are made, your spouse becomes an associate of MilitarySuper and their contributions are kept in a separate account.

To be eligible to receive spouse contributions, your spouse must be a person who shares a marital or couple relationship with you, the contributing member. A marital relationship exists if you have been living together as husband, wife or partner, on a permanent and bona fide domestic basis, for a continuous period of at least three years. If the period is less than three years, MilitarySuper will need to consider evidence to determine if spouse contributions can be received.

This includes, but is not limited to, evidence establishing any of the following:

- » your spouse is wholly or substantially dependent on you
- » you are legally married
- » you are in a relationship which was registered under a law of a state or territory as a prescribed type of relationship
- » you have a child born of the relationship or adopted during the relationship
- » you have a child of both of you within the meaning of the *Family Law Act 1974*
- » you jointly own a home which is your usual residence.

Once you have made contributions for your spouse, the benefit belongs to them and will be payable to them. This benefit will be payable as a lump sum only.

You and your spouse need to be aware of the contribution limits (see page 10).

Investment choice

Your spouse contributions plus investment returns make up your ancillary spouse benefit.

MilitarySuper offers a range of investment options in which you can choose how to invest your ancillary spouse benefit.

Your spouse can choose how to invest contributions made on their behalf by selecting one or any combination of the following five investment options:

CASH

CONSERVATIVE

BALANCED

GROWTH

HIGH GROWTH



MilitarySuper investment options

Your spouse can choose one investment option or a combination of options. If your spouse does not make a choice of investment option for the ancillary spouse benefit it is invested in the Growth (default) option. Your spouse can switch between options at any time, free of charge. The Board may introduce a fee to switch investment options in the future. If such a fee is to be introduced, you and your spouse will be notified in advance.

None of the investment options offered are capital guaranteed. Any investment activity carries with it an inherent risk. As a result investment performance will fluctuate in line with the markets in which the fund is invested. It is therefore possible for investment returns to be negative from time to time and as a consequence the value of the ancillary component may rise and fall.

In these circumstances it is possible that if your spouse leaves the fund within a few years his or her ancillary component might be less than the amount contributed because of the level of investment earnings. However, the reverse also applies when investment returns are positive.



Before making an investment choice you should read the MilitarySuper publication Member Investment Choice Guide. You can obtain one from the MilitarySuper website www.militarysuper.gov.au or by calling 1300 006 727.

Tracking investment performance

Spouse contributions paid into MilitarySuper purchase units at the price for the investment strategy in which your ancillary spouse contributions are invested on the day the contributions are received. Thereafter, the value of those contributions is equal to the number of units purchased multiplied by the relevant unit price for the day on which the valuation is made.

Daily unit prices for all of the investment strategies offered are published on the MilitarySuper website.

For more information on how unit prices are determined and how your contributions are invested, see the chapter on *The Investment Fund* (page 69). Your annual *Ancillary Statement* also explains how your benefits are valued.

How is an ancillary spouse benefit paid?

When an ancillary spouse benefit is payable, it will be paid as a lump sum only.

When can you claim your ancillary spouse benefits?

You can claim your benefit in any of the following ways:

- » when you have reached preservation age (see Table 4) and are permanently retired from the workforce
- » when you reach 60 and you have ceased employment or change employers after the age of 60
- » when you reach 65 years of age
- » if the Board is satisfied that you have met the requirement of total and permanent incapacity
- » if the Board is satisfied that you meet the requirements for severe financial hardship
- » if the Australian Prudential Regulation Authority (APRA) approves payment on specified grounds.

Your ancillary spouse benefit will also be payable to an eligible spouse, eligible child or children, or your estate in the event of your death.



Rolling over your ancillary spouse benefits

You can rollover your ancillary spouse benefit to another regulated superannuation fund, retirement savings account or approved deposit fund at any time. However, you will not be able to claim the benefit from that rollover institution until the benefit becomes payable under the rules of that fund.

Further details can be obtained from the MilitarySuper website www.militarysuper.gov.au or by calling **1300 006 727**.

What is my preservation age?

Table 4: Preservation ages

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

Associates

Background

The *Family Law Act 1975* allows for superannuation to be split on breakdown of a relationship. This includes marital and de facto relationships, which includes same sex couple relationships. This can be done by either:

- » a court order (that is, an order made by a court exercising family law jurisdiction such as the Family Court or the Federal Magistrates Court)
- » a superannuation agreement between the parties (that is, an agreement between the parties that meets the requirements in the *Family Law Act*).

Generally, once a valid Family Law Court order has been received, a member's interest will be split and a separate interest established for the spouse (or former spouse) of the member, who then becomes an associate. An associate's:

- » interest will accrue separately until it becomes payable.
- » benefit will be payable immediately (if the member is already receiving a pension) in the form of a pension.



Occasionally it may not be possible for a separate interest in the Scheme to be created. If this is the case both parties will be advised and informed of the reason. In this circumstance, the non-member's entitlement will be 'tied' to the member spouse's entitlement and only become payable when the member's benefit becomes payable.

Associate benefits

If you are an associate, you will have one or both of the following benefits:

- » an Associate A benefit—this benefit is 'funded' meaning that it is derived from a source where tax has been paid. This benefit will initially be invested in MilitarySuper, however, it is portable*.
- » an Associate B benefit—this benefit is 'unfunded', meaning that no tax has already been paid on this benefit. This is because it is drawn from consolidated revenue when it becomes payable. This benefit is portable after you reach age 55 and becomes payable when you reach your preservation age (see Table 5 on page 27).

* Portable—this means that you can transfer the benefit to another complying superannuation fund

Investment choice

Your Associate A benefit plus investment returns makes up your Associate A benefit. MilitarySuper offers a range of investment options in which you can choose how to invest your Associate A benefit.

You can choose how to invest your Associate A benefit by selecting one or any combination of the following five investment options:

CASH

CONSERVATIVE

BALANCED

GROWTH

HIGH GROWTH

MilitarySuper investment options

If you do not make a choice of investment option for your Associate A benefit, it is invested in the Growth (default) option. None of the investment options offered are capital guaranteed. Any investment activity carries with it an inherent risk. As a result, investment performance will fluctuate in line with the markets in which the fund is invested. It is therefore possible for investment returns to be negative from time to time and as a consequence the value of your Associate A benefit may rise and fall.

In these circumstances, it is possible that if you leave the fund within a few years, your Associate A benefit might be less than the amount originally invested because of the level of investment earnings. However, the reverse also applies when investment returns are positive.

You can choose one investment option or a combination of options. You can switch between options at any time, free of charge. The Board may introduce a fee to switch investment options in the future. If such a fee is to be introduced, you will be notified in advance.

Tracking investment performance

Daily unit prices for all of the investment options offered are published on the MilitarySuper website.

For more information on how unit prices are determined and how your Associate A benefit is invested, see the chapter on *The Investment Fund* (page 69). Your annual *Associate Statement* also explains how your benefits are determined.

Rolling over your Associate A benefit

You can rollover your Associate A benefit to another regulated superannuation fund, retirement savings account or approved deposit fund at any time. However, you will not be able to claim the benefit from that rollover institution until you reach your preservation age and the benefit becomes payable under the rules of that fund.



Before making an investment choice, you should read the MilitarySuper publication *Member Investment Choice Guide*. You can obtain one from the MilitarySuper website www.militarysuper.gov.au or by calling 1300 006 727.

Growth of an Associate B benefit

As an Associate B benefit is ‘unfunded’, the Scheme rules provide for it to be indexed annually at the long term bond rate.

How is an Associate A and/or B benefit paid?

When an associate benefit becomes payable, it will be paid as a lump sum only, unless the associate benefit is derived from the split of a pension which was being paid at the operative time of the order or agreement.

When can you claim your Associate A and/or B benefits?

You can claim your benefit when any of the following apply:

- » you have reached preservation age (see Table 5) and are permanently retired from the workforce
- » you reach 60 and you have ceased employment, or change employers after the age of 60
- » you reach 65 years of age
- » the Board is satisfied that you have met the requirement of total and permanent incapacity
- » the Board is satisfied that you meet the requirements for severe financial hardship
- » the Australian Prudential Regulation Authority (APRA) approves payment on specified grounds.

In the event of your death, your associate benefit will be paid to an eligible spouse, eligible child or children, or your estate.

Further details can be obtained from the MilitarySuper website www.militarysuper.gov.au or by calling **1300 006 727**.

What is my preservation age?

Table 5: Preservation ages

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

Scheme benefits

MilitarySuper provides retirement benefits as a lump sum or pension. When paid as a pension it is indexed with upward movements in the CPI for life. You can access benefits as lump sums when you reach your preservation age and retire from the workforce. Your preservation age is determined by your date of birth, as shown in Table 6.

Table 6: Preservation ages

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

When you leave the Australian Defence Force, you will have an accrued superannuation entitlement that consists of a member benefit, including ancillary benefit (if you choose to make ancillary contributions, see pages 11-13) and an employer benefit. Before reaching preservation age you can take the part of your member benefit that accrued before 1 July 1999 (if any) as a lump sum when you leave MilitarySuper.

The rest of your member benefit, or all of it if you joined after 30 June 1999, must remain preserved in MilitarySuper or in another complying superannuation fund, such as a rollover institution, until you reach your preservation age and retire from the workforce. Any ancillary benefit can be rolled over to another complying fund at any time, but generally must remain preserved until you reach your preservation age and retire from the workforce.

Your employer benefit must remain preserved in the Scheme. The unfunded part of the employer benefit is adjusted annually with upwards movements in the CPI rather than the fund's investment performance while it is preserved and the funded part is adjusted in line with the fund's investment performance. Preserved employer benefit generally do not become payable until at least age 55, at which time you have access to it as a CPI-indexed pension. No part of it can be paid to you as a lump sum until you have reached age 60 and ceased employment or reached your preservation age and retired from the workforce. At age 55 however, you can roll over the employer benefit to another complying superannuation fund.

The exact form in which benefits can be paid varies according to the circumstances under which you leave the Australian Defence Force, your age at the time you leave, when you were born and when you joined the Scheme. The restrictions on access to lump sum benefits before reaching preservation age affect all MilitarySuper benefits except those resulting from death. This is summarised in the diagram on page 30 and is explained in more detail in the chapters that follow.



Taxed and untaxed sources

In MilitarySuper's structure, different tax rules apply to different parts of your benefit. These parts are referred to as taxed and untaxed.

Taxed sources

A benefit is from a taxed source if tax has previously been paid on the contributions that created the benefit. Generally the contribution has been paid from your after-tax salary or has attracted contributions tax on entry to the fund. These include:

- » member contributions
- » additional personal contributions
- » spouse contributions
- » government co-contributions
- » productivity contributions
- » salary sacrifice contributions
- » superannuation guarantee contributions
- » transfer amounts
- » any earnings on these contributions.

Your benefit from a taxed source is further divided into two parts:

- » Tax-free – You pay no tax on the tax-free part when you claim your benefit.
- » Taxable – You may have to pay tax on the taxable part when you claim your benefit.

Further information on the two components which make up a benefit from a taxed source is available on page 76.

Untaxed sources

A benefit from an untaxed source is that portion of your employer benefit which is paid to you from consolidated revenue on exit. This is an untaxed source because no tax has previously been paid on this amount. If you are a former member of the DFRDB Scheme, who transferred to MilitarySuper, you will also have a separate component of interest on your DFRDB member contributions and a component of your pre-July 1983 member contributions.

i-Estimator

As well as working through the examples in this book, most members are able to access the MilitarySuper i-Estimator to quickly gain an estimate of your likely benefit.

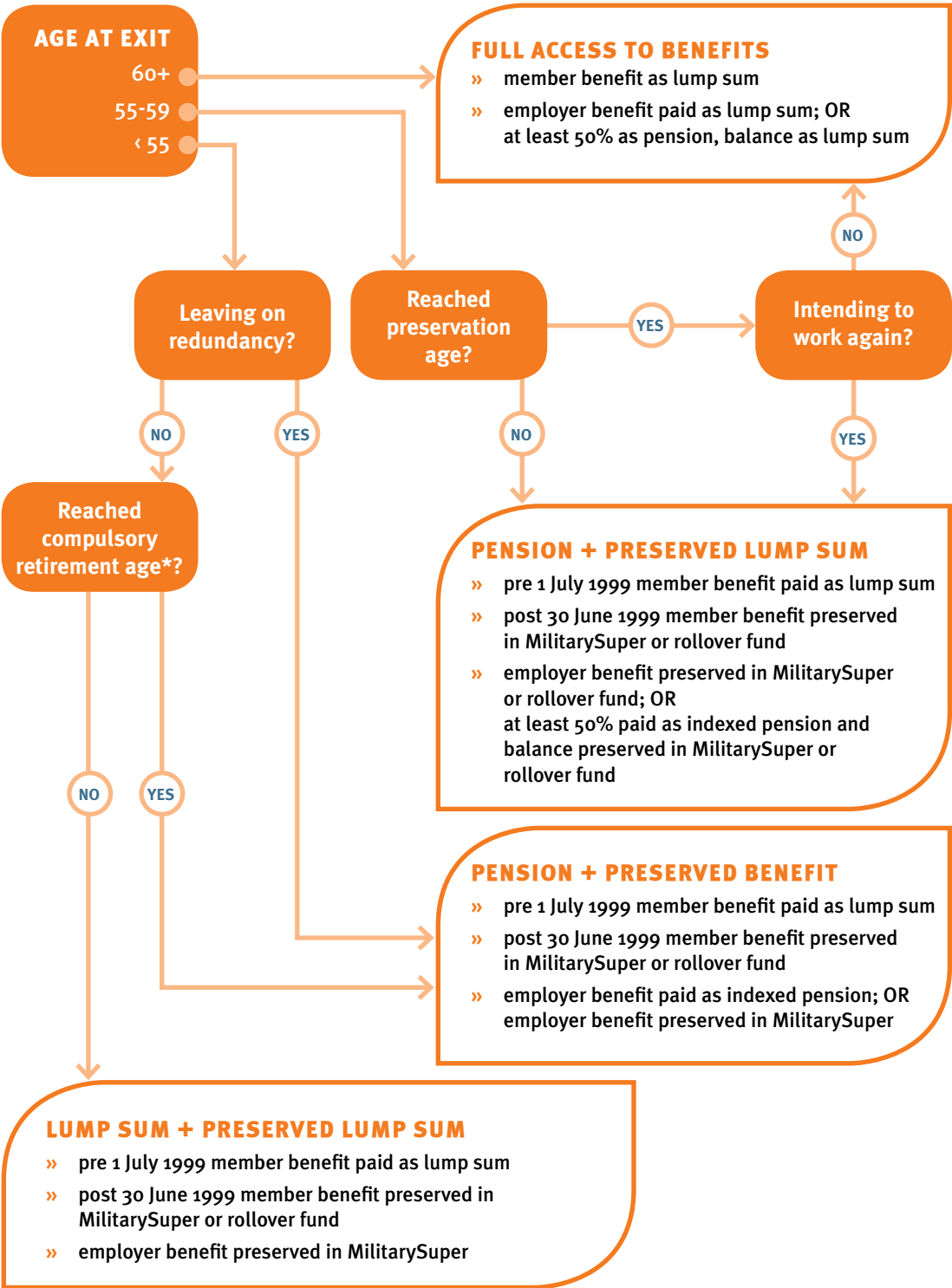
This facility, which is available from the MilitarySuper website at www.militarysuper.gov.au, allows you to work out prospective benefits on various types of exits while making provision for taxation, inflation and salary increases. However, because the calculations are based on several assumptions, they cannot be regarded as official estimates. So, if you are retiring from the Defence Force within 12 months, you should request an official benefit estimate from ComSuper.

Benefit components

During their careers many people tend to think of superannuation mainly in terms of the contributions they pay and the interest that those contributions earn. In MilitarySuper this is called the member benefit (which may also include ancillary contributions) but this is only one part of the picture; the employer benefit, the most attractive part of your superannuation entitlement, is sometimes overlooked. The employer benefit costs you nothing; it's fully paid for by the Australian Government.



Summary: MilitarySuper retirement / resignation / redundancy benefits



SURCHARGE DEBT

If you have an outstanding surcharge debt, you can elect to pay that surcharge debt from your MilitarySuper benefits. Details are contained under *Superannuation Surcharge* commencing on page 63.

**Sometimes referred to as 'retiring age for rank'*



The member benefit

The member benefit comprises your contributions together with any ancillary contributions plus interest and is only payable as a lump sum. You cannot convert it to a MilitarySuper pension. In the language of superannuation the member benefit is ‘funded’ which means not only that your contributions are paid into an investment fund where they earn interest, but also that when the benefit is paid to you it is derived from a source where tax has been paid.

The value of your member benefit lump sum depends on the rate of contributions you pay and the investment performance of MilitarySuper (which is reflected in its unit price). You don’t have to take any part of your member benefit when you leave the Australian Defence Force.

While it remains in the fund it will continue to grow according to the fund’s investment performance.

As explained earlier: If you joined the Scheme after 30 June 1999, you must continue to preserve all of the member benefit, either in MilitarySuper, in another regulated superannuation fund or rollover institution, until you reach age 60 and cease employment, or reach your preservation age and retire from the workforce.

If you joined MilitarySuper before 1 July 1999, that part of your member benefit that accrued up until 30 June 1999 can be paid to you at any time after leaving the Australian Defence Force—either as a single lump sum, or in multiples of \$10 000. There must be at least a six-month interval between withdrawals. Currently no administrative charge is applied to withdrawals.

The employer benefit

The employer benefit is a lump sum amount which depends on your length of service and your final average salary (FAS). FAS is your average superannuation salary over the last three years (1095 days) of your Defence Force service, or your average superannuation salary if you serve for less than three years. The employer benefit is generally not payable as a lump sum until you have reached age 60 and ceased employment, or permanently left the workforce after reaching your preservation age.

However, you can claim the employer benefit as a pension once you have attained age 55 or leave it preserved in MilitarySuper. However, MilitarySuper Scheme rules do not permit members to convert preserved benefits to a pension on or after age 65. In such circumstances, the benefit is payable as a lump sum. You may be able to access part of it before age 55 if you can show you are in financial hardship, can no longer work due to total and permanent incapacity, or APRA (the Australian Prudential Regulatory Authority) is satisfied specified grounds exist; for example palliative care of a dependant, medical transport for member, or dependant to access lifesaving medical treatment. As discussed earlier, you can roll over the employer benefit to another regulated superannuation fund when you reach age 55, but you cannot access it as a lump sum before preservation age.

The employer benefit consists of two parts:

- » a funded component, which represents the 3% productivity superannuation contributions paid into the fund by the Department of Defence on your behalf, plus investment returns
- » an unfunded component paid by the Commonwealth, which is the balance of the total employer benefit.

The total employer benefit is calculated by applying a multiple derived from your length of service to your FAS, as shown in Table 7.

Table 7: Employer benefit growth

Years of service	% of FAS per year of service
Enlistment to 7 years	18%
7 years 1 day to 20 years	23%
20 years 1 day onward	28%

The employer benefit is worked out according to the number of completed years and days of service, as in the following example.

EXAMPLE B: CALCULATION OF EMPLOYER BENEFIT (LUMP SUM)

Sgt. McMillan resigns at age 44 after serving for 21 years. His FAS is \$61 459. His preservation age is 57. He is entitled to the following employer benefit:

7 years @ 18%	= 1.26 times FAS
13 years @ 23%	= 2.99 times FAS
1 year @ 28%	= 0.28 times FAS
Total	= 4.53 times FAS
	= 4.53 x \$61 459
	= \$278 409

That sum must be preserved in the Scheme until Sgt McMillan satisfies a condition of release as described in the following.

Sgt McMillan's funded component (the 3% productivity contributions plus interest) totalled \$21 159. This amount continues to be adjusted according to the fund's investment

performance. The balance (the unfunded component) was \$257 250. This is indexed to upwards movements in the CPI whilst preserved in the Scheme.

The employer benefit preserved in MilitarySuper can be taken eventually as a lump sum or as a mixture of lump sum and pension any time after:

- » reaching preservation age and permanently retiring from the workforce
- » reaching age 60 and ceasing employment or changing employers.

He can take it all as a pension from age 55 or he can roll over the employer component from age 55.

If he rolls over the employer benefit he cannot access it as a lump sum until meeting one of the conditions set out above. Also, if he rolls over his employer benefit he will lose the right to take a MilitarySuper pension.

Ancillary benefits

Any ancillary benefits are payable as a lump sum, in addition to your standard MilitarySuper benefit.

The ancillary benefit is made up of:

- » any voluntary additional personal contributions
- » any amounts transferred to MilitarySuper from other funds (less tax)
- » any salary sacrifice deductions (less tax)
- » any government co-contributions, or Super Guarantee shortfall payments
- » any earnings accrued while your ancillary contributions remain in MilitarySuper.

Please note: It is possible for investment returns to be negative from time to time and, as a consequence, the value of your ancillary benefit may rise and fall. It is possible that the value of the ancillary benefit might be less than the amount contributed. However, the reverse also applies when investment returns are positive.



Foreign service

If you have served in another country's armed forces and that service was equivalent to continuous full-time service in the Australian Defence Force and lasted at least 12 months, that service may be recognised towards the accrual of your employer benefit. This applies only to members who joined MilitarySuper upon entering the Australian Defence Force—members who transferred from the DFRDB are not eligible.

To have your eligibility determined, you should write to ComSuper, who will consult as necessary with the Australian Defence Force and the Board.

Foreign service that is recognised for employer benefit purposes has the effect of making a member eligible for a higher employer benefit percentage sooner than would be the case otherwise.

EXAMPLE C: EFFECT OF FOREIGN SERVICE

Commander Lockhart and Commander Street are leaving the RAN after serving 20 years. Before he joined the RAN, Commander Street served two years in a foreign navy and this service was recognised for employer benefit accrual purposes.

Commander Lockhart's employer benefit would be:

7 years @ 18%	= 1.26 times FAS
13 years @ 23%	= 2.99 times FAS
Total	= 4.25 times FAS

In comparison, Commander Street's employer benefit would be:

5 years @ 18%	= 0.90 times FAS
13 years @ 23%	= 2.99 times fas
2 years @ 28%	= 0.56 times FAS
Total	= 4.45 times FAS

Maximum benefit limits (MBLs)

MilitarySuper sets an upper limit on the benefits it can pay. Once your member benefit (excluding any ancillary benefit) plus the employer benefit reaches this upper limit, your contributions will stop. This limit is called the pension maximum benefit limit (MBL). If you reach yours, ComSuper will notify you and arrange to cease your contributions automatically. You have no choice whether or not to continue contributing.

There is another lower limit called the lump sum MBL. You will be notified by ComSuper when you are approaching your lower limit. Once you have reached this lower limit, you can choose to stop paying contributions. If you think you are close to reaching your lump sum MBL contributions or have already reached it and are considering ceasing your contributions, you should contact us for information about how this would affect your overall benefit.

Once we confirm you have reached the lump sum MBL you can then, or any time before reaching your pension MBL, elect to stop paying contributions. Even though this limit is called the lump sum limit, you still have the full range of pension options open to you when your benefit becomes payable.

Please consider carefully any election to stop paying contributions as, even though your employer benefit will continue to accrue if you elect to cease contributing, this will reduce your overall benefit at discharge.

It is important to understand that even though employer contributions cease your employer benefit continues to grow as demonstrated in fact sheets available from our website.

If you do elect to stop paying contributions on reaching your lump sum MBL you cannot resume if you change your mind later on, even following a break in service. Both the MBLs are determined by your FAS. Table 8 summarises the formulas used to calculate MBLs. The dollar amounts shown are those applying for 2010-11; they are increased every year in accordance with the increase in average weekly ordinary time earnings (AWOTE).

Table 8: Maximum benefit limits

FAS	Lump sum MBL	Pension MBL
Below \$59 400	\$475 200	\$594 000
\$59 400 to \$94 870	8 times FAS	10 times FAS
\$94 870 to \$176 030	\$189 740 plus 6 times FAS	\$284 610 plus 7 times FAS
\$176 031 and above	\$717 830 plus 3 times FAS	\$812 700 plus 4 times FAS

Note: The figures in Table 8 should be used as a guide only, as the amounts change in July every year.

EXAMPLE D: CALCULATION OF MAXIMUM BENEFIT LIMITS

Wing Commander Hartmann's FAS is \$102 056. Using the formulas listed in Table 8, we calculate his MBLs as follows:

$$\begin{aligned}
 \text{Lump sum MBL} &= \$189\,740 + (6 \times \$102\,056) \\
 &= \$189\,740 + \$612\,336 \\
 &= \$802\,076
 \end{aligned}$$

$$\begin{aligned}
 \text{Pension MBL} &= \$284\,610 + (7 \times \$102\,056) \\
 &= \$284\,610 + \$714\,392 \\
 &= \$999\,002
 \end{aligned}$$

Pension recipients who re-enter the Defence Force

Whilst you are contributing to the Scheme, any MilitarySuper pension you may have been receiving as a result of an earlier period of service must be suspended. For this to occur you must complete an M100 form, which is available from MilitarySuper's website and return the completed form to the address shown on the form. When you again leave MilitarySuper, that pension will be reinstated at an updated rate to take into account any upwards movements in the CPI, during the period of suspension. You will also accrue an additional benefit for any additional period(s) of service.

Surcharge debt

In the May 2005 Federal Budget, the government announced the removal of the surcharge tax on employer contributions applying to certain high income earners and employer contributions made after 30 June 2005. The surcharge tax still applies to employer contributions for the 2004-05 and earlier tax years when adjusted taxable income exceeded the relevant income threshold.

Any surcharge debt accrued can be recovered from MilitarySuper benefits when they are paid. Refer to the chapter *Superannuation Surcharge* on page 63 for further details.

Government superannuation co contributions for low income earners

If your income is below the limit set by the government, the ATO will work out if you are entitled to receive a co-contribution using information from MilitarySuper and your tax return.



Resignation benefit

What you get

Briefly, if you resign from the Australian Defence Force before age 55, you are entitled to receive:

- » your member benefit accrued prior to 1 July 1999 payable immediately as a lump sum
- » the balance of your member benefit (or all of it if you joined after 30 June 1999) when you reach age 60 and cease employment or reach your preservation age (see Table 9 on page 37) and retire from the workforce.

Your employer benefit must remain preserved in MilitarySuper until at least age 55 when:

- » you can take it all as an indexed pension
- » you can roll it over to another regulated superannuation fund
- » you can take 50% or more as indexed pension and keep the balance preserved in MilitarySuper, or in another regulated superannuation fund for payment as a lump sum when you reach age 60 and cease employment or reach your preservation age and retire from the workforce.

Refer also to page 55 for options relating to your ancillary account.

Surcharge debt

Any surcharge debt you may have accrued must be recovered from MilitarySuper benefits when they are paid. Refer to the *Superannuation Surcharge* chapter on page 63 for further details.

Preserving your member benefit

As explained above you can take your member benefit accrued to 30 June 1999 as a lump sum on resignation. The balance of your member benefit can be preserved either in MilitarySuper or a regulated superannuation fund.

Alternatively, you can preserve all of your member benefit in MilitarySuper where it will be adjusted according to the fund's investment performance. Once you reach the age of 65 you are no longer eligible to claim your employer benefit as a pension but must take it as a lump sum.

You can withdraw all or parts of your pre-1 July 1999 member benefit at any time, in multiples of \$10 000, but there must be at least a six-month interval between each withdrawal. Currently no administrative charge is applied to withdrawals. Your member benefit accruing after 30 June 1999 cannot be paid to you until you reach age 60 and cease employment or reach your preservation age and retire from the workforce. For further information on preserving your benefits, see the chapter on *Preserved Benefits* at page 56.

Employer benefit after resignation

After you resign, the funded component of your employer benefit (the 3% productivity benefit) stays in the fund and continues to be adjusted according to the fund's investment performance.

The unfunded component of the employer benefit will be fully indexed to upward movements in the CPI each year.



When you finally leave the workforce on, or after, your preservation age you can take your employer benefit as one of the following:

- » a lump sum
- » an indexed pension
- » a combination of both (in which case you must take at least 50% of the employer benefit as a pension).

If your preservation age is greater than 55, at age 55 you can do one of the following:

- » take it all as pension
- » take 50% or more as pension and roll over the balance or leave the balance in MilitarySuper
- » roll over the preserved employer benefit to another fund.

You cannot take any part of your employer benefit as a lump sum until you have:

- » reached age 60 and ceased employment
- » reached your preservation age and retired from the workforce.

To find out how the pension is calculated, see *Appendix C* (page 78).

Note: In certain circumstances, such as financial hardship, you may be able to access all, or some of the employer benefit earlier. See the section *Early Access to Benefits* (page 62) for more information.





Retirement benefits

What you get

A. When you retire from the Australian Defence Force:

- » from age 55 onwards
- » before your preservation age (see Table 9).

Your employer benefit can be actioned in one of the following ways:

- » taken entirely as an indexed pension
- » paid to a regulated superannuation fund
- » taken as part indexed pension—providing you convert 50% or more to a pension and keep the balance preserved in MilitarySuper or in a regulated superannuation fund
- » preserved in MilitarySuper.

Your member benefit accrued to 30 June 1999 can be actioned in one of the following ways:

- » paid to you as a lump sum
- » preserved in MilitarySuper
- » paid to a regulated superannuation fund.

Your member benefit accruing after 30 June 1999 can either be:

- » paid to a regulated superannuation fund
- » preserved in MilitarySuper.

Table 9: Preservation ages

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

B. When you retire from the Australian Defence Force at or after age 60, or an earlier preservation age (see Table 9) and also retire permanently from the workforce:

Your employer benefit can be actioned in one of the following ways:

- » taken entirely as an indexed pension
- » taken entirely as lump sum (and rolled over if you wish)
- » taken as part pension and part lump sum provided you convert at least 50% of it to pension
- » remain preserved in MilitarySuper.

Your member benefit can either be:

- » paid to you as a lump sum
- » remain preserved in MilitarySuper paid to a regulated superannuation fund.



C. When, before age 60, you retire from the Australian Defence Force at or after your preservation age but intend to work again:

Your employer benefit can be actioned in one of the following ways:

- » taken entirely as a pension
- » paid to a regulated superannuation fund
- » taken as part-indexed pension, providing you convert 50% or more to a pension and keep the balance preserved in MilitarySuper or in a regulated superannuation fund preserved in MilitarySuper.

Your member benefit accrued to 30 June 1999 can either be:

- » paid to you as a lump sum
- » preserved in MilitarySuper paid to a regulated superannuation fund.

Your member benefit accruing after 30 June 1999 can either be:

- » paid to a regulated superannuation fund
- » preserved in MilitarySuper.

D. If you are entitled to retire from the Australian Defence Force before age 55, at the time of that retirement:

Your employer benefit can either be:

- » taken entirely as an indexed pension
- » preserved in MilitarySuper (until at least age 55).

Your member benefit accrued to 30 June 1999 can either be:

- » paid to you as a lump sum
- » remain preserved in MilitarySuper paid to a regulated superannuation fund.

Your member benefit accruing after 30 June 1999 can either be:

- » paid to a regulated superannuation fund
- » preserved in MilitarySuper (until at least age 55).

Access to preserved benefits

Preserved employer benefit are generally payable under the same age and employment conditions applying at retirement. When claiming your preserved benefit you need to be aware that if you wish to convert any portion of your employer benefit to a pension you must do so before you reach age 65.

For more information see the chapter on *Preserved Benefits* on page 56.

Surcharge debt

Any surcharge debt you may have accrued must be recovered from MilitarySuper benefits when they are paid. Refer to the chapter *Superannuation Surcharge* on page 63 for further details.



How your pension is calculated

To determine your annual rate of pension, the amount of your employer benefit lump sum you wish to convert to a pension (not less than 50 per cent) is divided by a conversion factor based on your age at retirement. The factors for converting employer benefit lump sums to pensions are shown in Table 10.

Table 10: Pension conversion factors

Age	Factor	Age	Factor
45	14.0	56	11.8
46	13.8	57	11.6
47	13.6	58	11.4
48	13.4	59	11.2
49	13.2	60	11.0
50	13.0	61	10.8
51	12.8	62	10.6
52	12.6	63	10.4
53	12.4	64	10.2
54	12.2	65	10.0
55	12.0		

Note: Your pension conversion factor is worked out according to your age in years and days. For instance, if you applied for your benefit at the age of 59 years 118 days, your age factor would be 11.1353. A list of all pension conversion factors between ages 18 and 65, and an explanation of the formula used to calculate individual conversion factors is contained in *Appendix C* (page 78).



EXAMPLE E: CALCULATION OF PENSION ON RETIREMENT

Major Sanderson retires at his preservation age, on his 55th birthday, after 21 years 30 days in the Defence Force. He intends to permanently retire from the workforce. His member benefit totals \$170 750 and his FAS is \$99 985. Using the employer benefit growth table (see Table 7 on page 32), we calculate his employer benefit as follows:

7 years @ 18%	= 1.26 times FAS
13 years @ 23%	= 2.99 times FAS
1 year 30 days @ 28%	= 0.30 times FAS
Total employment benefit	= 4.55 times FAS
	= 4.55 x \$99 985
	= \$454 932
Plus his member benefit	+ \$170 750
Total benefit	= \$625 682

Major Sanderson could take his employer benefit of \$454 932 as either a total lump sum, an indexed pension, or a combination of pension and lump sum. If he chooses to convert his full employer benefit to an indexed pension, his annual pension would be calculated as follows:

Employer benefit	= \$454 932
Age conversion factor	12
	= \$37 911 per year

After taking his family’s financial requirements into consideration, Major Sanderson decides that he would like to take part of his employer benefit as lump sum and convert the balance to a pension. He elects to take a gross lump sum of \$160 000, which leaves a balance of \$294 932 to be converted to a pension. His annual pension is then calculated as follows:

Pension conversion amount	= \$294 932
Age 55 conversion factor	12
	= \$24 578 per year

Giving a total benefit of:	
Pension	= \$24 578 per year
Gross lump sum	
Balance of employer benefit	= \$160 000
Plus member benefit	+ \$170 750
	= \$330 750

Recapping, Major Sanderson’s benefit options are:

Employer and member benefit as total lump sum

A gross lump sum of \$625 682 comprising the employer lump sum of \$454 932 and the member lump sum of \$170 750.

Employer benefit as total pension

A CPI-applied pension of \$37 911 per year plus a gross lump sum of \$170 750 comprising the member benefit.

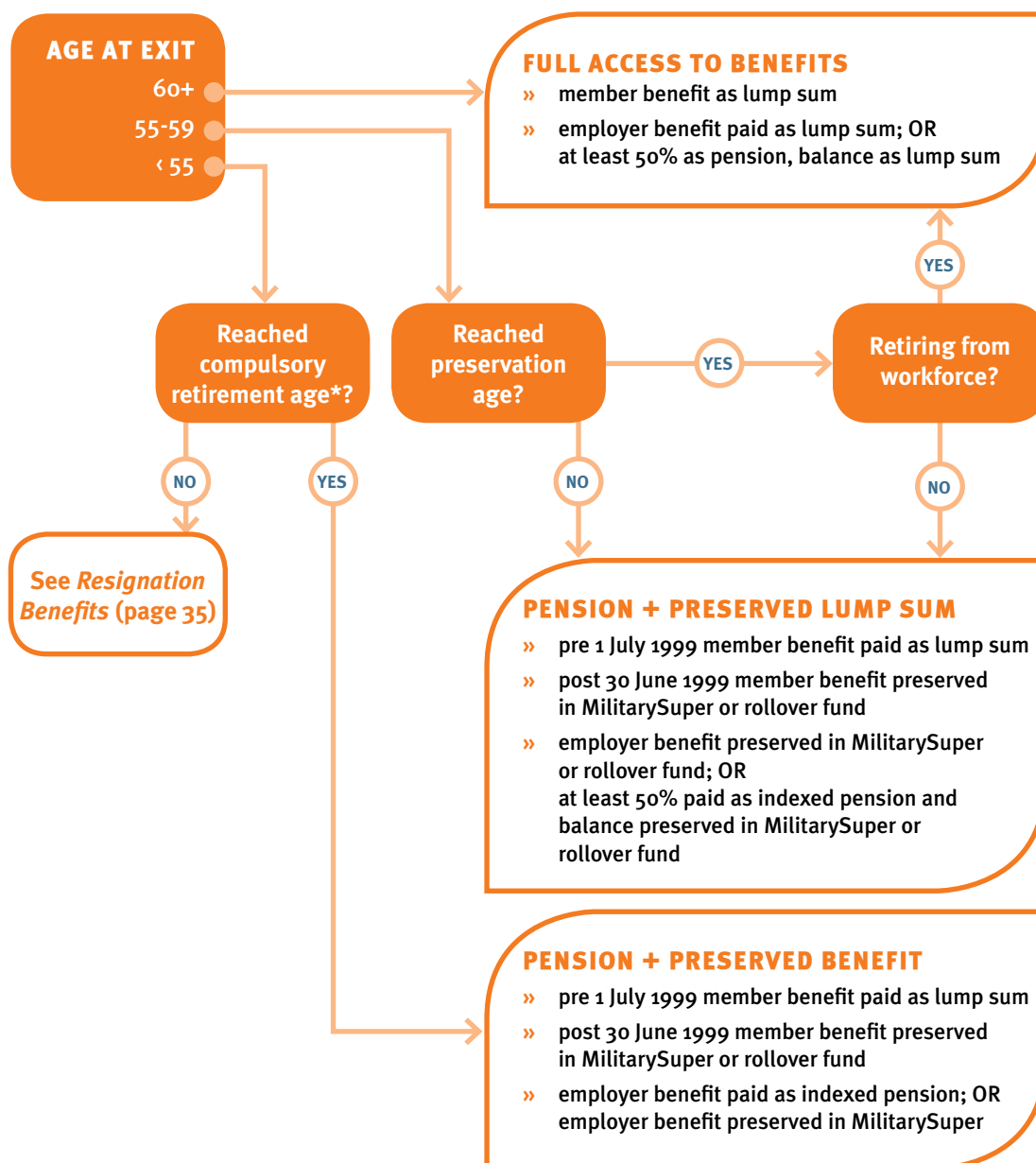
Employer benefit as part pension and the balance as a lump sum

The minimum amount that may be converted to a pension is 50% of the employer component, i.e. \$227 466. This amount, divided by the age 55 conversion factor of 12, would produce a CPI-applied pension of \$18 956 per year, and the balance would be paid as a lump sum together with the member benefit lump sum.

Major Sanderson could choose to take the employer component as any combination of pension and lump sum, provided at least 50% of the employer lump sum is converted to pension. This is illustrated above where \$294 932, which is 64.8% of the total employer benefit, is converted. Both pension and lump sum would be subject to taxation.



Summary MilitarySuper retirement benefit



SURCHARGE DEBT

If you have an outstanding surcharge debt, you can elect to pay that surcharge debt from your MilitarySuper benefits. Details are contained under *Superannuation surcharge* commencing on page 63.

**Sometimes referred to as 'retiring age for rank'*



Redundancy benefits

What you get

A. Should you become redundant:

- » from age 55 onwards
- » before your preservation age (see Table 11).

Your employer benefit can either be actioned in one of the following ways:

- » taken as part pension, providing 50% or more is converted to pension with the balance being preserved in MilitarySuper or a regulated superannuation fund
- » taken entirely as an indexed pension
- » paid to a regulated superannuation fund
- » preserved in MilitarySuper.

Your member benefit accrued to 30 June 1999 can be actioned in one of the following ways:

- » paid to you as a lump sum
- » preserved in MilitarySuper
- » paid to a regulated superannuation fund.

Your member benefit accruing after 30 June 1999 can either be:

- » paid to a regulated superannuation fund
- » preserved in MilitarySuper.

Table 11: Preservation ages

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

B. Should you become redundant at or after age 60 or after your preservation age and also permanently retire from the workforce, your employer benefit can be actioned in one of the following ways:

- » taken entirely as indexed pension
- » taken entirely as lump sum
- » taken as part pension and part lump sum provided you convert at least 50% of it to pension
- » preserved in MilitarySuper.

Your member benefit can be actioned in one of the following ways:

- » paid to you as a lump sum
- » preserved in MilitarySuper
- » paid to a regulated superannuation fund.



C. Should you become redundant at or after your preservation age but before age 60 and intend to work again, your employer benefit can be actioned in one of the following ways:

- » taken as part pension, provided 50% or more is converted to pension, with the balance being preserved in MilitarySuper or a regulated superannuation fund
- » taken entirely as a pension
- » paid to a regulated superannuation fund
- » preserved in MilitarySuper.

Your member benefit accrued to 30 June 1999 can either be:

- » paid to you as a lump sum
- » preserved in MilitarySuper
- » paid to a regulated superannuation fund.

Your member benefit accruing after 30 June 1999 can either be:

- » paid to a regulated superannuation fund
- » preserved in MilitarySuper.

D. Should you become redundant before age 55, your employer benefit can be actioned in one of the following ways:

- » taken entirely as a pension
- » preserved in MilitarySuper until at least age 55.

Your member benefit accrued to 30 June 1999 can either be:

- » paid to you as a lump sum
- » preserved in MilitarySuper
- » paid to a regulated superannuation fund.

Your member benefit accruing after 30 June 1999 can either be:

- » paid to a regulated superannuation fund
- » preserved in MilitarySuper.

Surcharge debt

Any surcharge debt you may have accrued must be recovered from MilitarySuper benefits when they are paid. Refer to the chapter *Superannuation Surcharge* on page 63 for further details.

Access to preserved benefits

On redundancy before age 55, the employer benefit can only be paid as an indexed pension.

From age 55 onwards the employer benefit can be withdrawn from MilitarySuper and paid to a regulated superannuation fund. It cannot be paid to you as a lump sum until either:

- » you have reached age 60 and ceased employment
- » you have reached your preservation age and permanently retired from the workforce.

At this time you also have the option of taking the benefit as part lump sum and part pension, provided you convert 50% or more of the lump sum to pension.

Between age 55 and your preservation age you may also take the employer benefit less surcharge debt as part pension, provided you convert 50% or more to pension, and keep the balance preserved in MilitarySuper or a regulated superannuation fund. Please be aware that if you wish to convert your preserved employer benefit to a pension you must do so before you reach age 65.

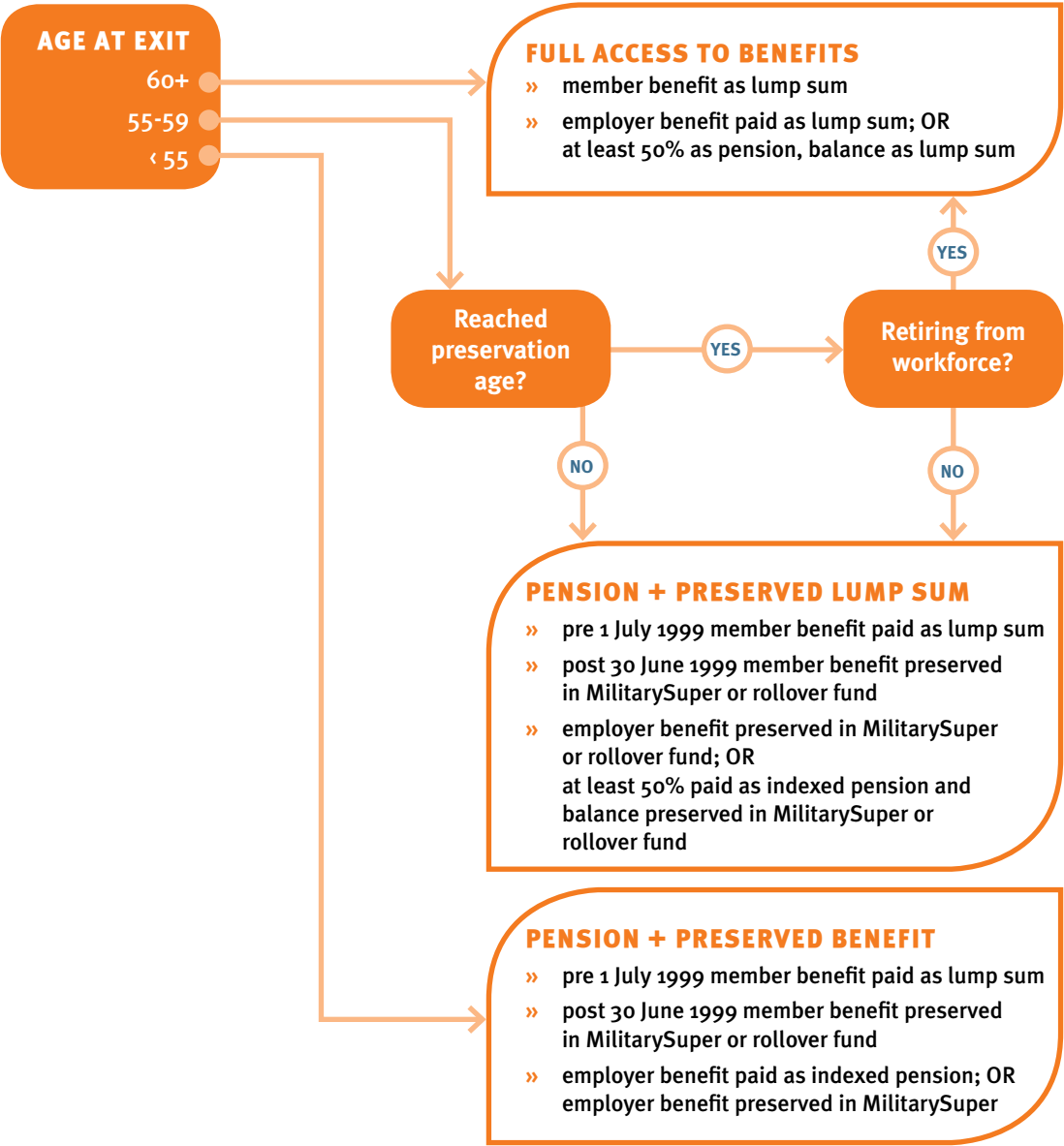
For more information see the chapter on *Preserved Benefits* (page 56).



Surcharge debt

Any surcharge debt you may have accrued must be recovered from MilitarySuper benefits when they are paid. Refer to the chapter *Superannuation Surcharge* on page 63.

Summary MilitarySuper redundancy benefits



SURCHARGE DEBT

If you have an outstanding surcharge debt, you can elect to pay that surcharge debt from your MilitarySuper benefits. Details are contained under *Superannuation Surcharge* commencing on page 63.



Invalidity benefits

Their purpose

If you are retired from the Australian Defence Force on the grounds of invalidity, you may be eligible to receive a MilitarySuper invalidity benefit to help you resettle into civilian employment.

However, you will not be eligible for invalidity benefits if your discharge or retirement:

- » occurred within your first two years of service and was due to a condition that was present on entry and was not materially aggravated by your service
- » in the opinion of the Board, was a result of your wilful action to obtain an invalidity benefit, or
- » was because of an injury which occurred while you were absent without leave for a period over 21 consecutive days, and your salary and allowances for that period had been forfeited under the regulations made under the *Defence Act 1903*.

If none of these conditions apply to you, then you are eligible to receive an invalidity benefit, regardless of whether the condition that led to your leaving the Australian Defence Force was service-related or not.

The Board will assess your case and, if it considers you to be eligible, will grant you a benefit in one of three classification groups. The Board will determine your percentage of incapacity in relation to appropriate civilian employment, taking into account your condition and your formal qualifications, experience and skills. The invalidity classifications are Class A (incapacity of 60% or more), Class B (30%–59% incapacity) and Class C (less than 30% incapacity).

Class A invalidity

If the Board assesses you as Class A (incapacity of 60% or more), you will be entitled to:

- » a CPI-applied pension calculated from the lump sum value of the employer benefit that would have applied based on your final average salary on the date of your retirement, and the benefit multiple you would have received, had you remained in the Scheme until your compulsory retiring age for rank. This is usually age 60 unless you have a higher CRA for rank or you have elected for an earlier CRA.
- » a lump sum of any member benefit accrued as at 30 June 1999 (that is, your own contributions and interest up until that time).

Your post-30 June 1999 member benefit remains preserved in MilitarySuper or a regulated superannuation fund of your choice until you reach your preservation age.

The employer benefit is paid as an indexed pension using the conversion factor of 11 (or a higher factor if your retiring age for rank is less than 60—the appropriate conversion factors are listed in Table 10 in the chapter *Retirement Benefits* on page 37). The employer benefit cannot be taken as a lump sum.



EXAMPLE F: CALCULATION OF CLASS A INVALIDITY PENSION

Corporal Dawson joined the Australian Defence Force on his 20th birthday, and retired on invalidity grounds on his 30th birthday. On retirement he would be entitled to receive a lump sum of his 30 June 1999 member benefit and his post-30 June 1999 member benefit would remain preserved either in MilitarySuper or a regulated superannuation fund. He would also be entitled to an immediate indexed pension, based on his actual service (10 years) and his prospective service, from age 30 to his compulsory retiring age for rank which is age 60 (30 years):

7 years @ 18%	= 1.26 times FAS
13 years @ 23%	= 2.99 times FAS
20 years @ 28%	= 5.60 times FAS
Total	9.85 times FAS

Cpl Dawson’s FAS was \$65 000, so his employer benefit (before conversion to pension) would be:

9.85 times \$65 000 = \$640 250

His retiring age for rank is 60, so we divide the employer benefit by 11 (the age 60 conversion factor), to calculate his annual pension.

Annual pension	= \$640 250
	<hr/>
	11
	= \$58 205 per year

Class B invalidity

If you retire on invalidity grounds and are classified by the Board as Class B (incapacity 30–59%), you are entitled to:

- » a CPI-applied pension of either half the Class A rate or the pension calculated on your accrued multiple up to the time of discharge, whichever is greater
- » a lump sum of your member benefit as at 30 June 1999 (i.e. your own contributions and interest up until that time).

Your post-30 June 1999 member benefit remains preserved in MilitarySuper or a regulated superannuation fund of your choice until you reach age 60 and cease employment or reach your preservation age and retire from the workforce.

The Class A pension is calculated on your actual membership period plus prospective membership to your compulsory retiring age, and uses the pension conversion factor applicable to your compulsory retiring age. The pension based on actual membership is calculated using the pension conversion factor for the age at retirement (see *Appendix C* on page 78). The employer benefit cannot be taken as a lump sum.

Class C invalidity

If you retire on invalidity grounds and are classified by the Board as Class C (incapacity less than 30%), you are entitled to:

- » a lump sum of your member benefit as at 30 June 1999 (i.e. your own contributions and interest up until that time)
- » your post-30 June 1999 member benefit remains preserved in MilitarySuper or a regulated superannuation fund of your choice until you reach age 60 and cease employment or reach your preservation age and retire from the workforce.



Your employer benefit, accrued to the time of your discharge, remains preserved in MilitarySuper either until:

- » age 55, at which time you can take it all as pension
- » from age 55 you can have it paid as a rollover to another fund where it must remain preserved until you reach age 60 and cease employment, or retire permanently from the workforce at or after your preservation age
- » you reach age 60 and cease employment or reach your preservation age and retire permanently from the workforce, at which time you can take it all as lump sum or as a mixture of lump sum and pension providing you convert at least 50% to pension
- » age 65 at which time the benefit must be paid to you.

If your initial classification is Class C you are not subject to classification reviews.

EXAMPLE G: CALCULATION OF CLASS B INVALIDITY OPTIONS

Warrant Officer Collis was injured in a training accident. As a result of her injuries, she is retired from the Australian Defence Force, and the Board classifies her as a Class B invalidity retiree. She receives a lump sum refund of her 30 June 1999 member benefit and her post 30 June 1999 member benefit is preserved. She must take her employer benefit as a pension.

In her case, to determine the amount of pension payable, we first calculate the notional Class A invalidity pension, then divide that by two, and compare the result with the pension derived from her actual membership, as follows:

WO Collis: She joined the Navy at the age of 19 years and 160 days, and had served for 23 years 165 days at the time she was invalided out. Her FAS is \$79 000. Her notional Class A invalidity employer benefit is:

7 years @ 18%	= 1.26 times FAS
13 years @ 23%	= 2.99 times FAS
20 years 205 days @ 28%	= 5.76 times FAS
Total	= 10.01 times FAS
	= \$790 790

To translate that into a pension we divide by 11 (the age 60 conversion factor):

Notional Class A pension	= \$790 790 / 11
	= \$71 890 per year
Half Class A pension	= \$71 890 / 2
Class B pension	= \$35 945 per year

Her pension based on actual service would be calculated as follows:

7 years @ 18%	= 1.26 times FAS
13 years @ 23%	= 2.99 times FAS
3 years 165 days @ 28%	= 0.97 times FAS
Total	= 5.22 times \$79 000
	= \$412 380

To calculate her pension, we divide that by the pension conversion factor for her age at retirement (42 years 325 days), which is explained in *Appendix C*.

Annual pension	= \$412 380
	14.4220
	= \$28 594 per year

Her pension based on actual service (\$28 594 per year) is not greater than half her notional Class A invalidity pension (\$35 945 per year), so the larger amount becomes her Class B invalidity pension.

Early release

In certain circumstances, such as financial hardship or on specified grounds, or if incapacity prevents you from working again, you may be able to access all or some of your preserved employer benefit early. See the chapter on *Preserved Benefits* on page 56 for more details, including the criteria you must meet before the employer benefit can be released.

Invalidity classification reviews

If you are initially classified as Class A or B, your invalidity benefit is not guaranteed for your lifetime. Your invalidity classification will be subject to periodic medical reviews by the Board until you reach age 55. As a result of these reviews, your invalidity classification may change to reflect a change in your incapacity, resulting in a change to your benefit.

In addition to these periodic reviews, in the event that you consider at any time that your retiring impairment has deteriorated and affects your capacity to do the types of employment identified as relevant to you in light of your skills, qualifications and experience, you may request the Board review your classification level. If you are receiving a Class B pension or you have been re-classified as Class C from Class A or B, you can request a review at any time up to age 65.

If you are initially classified as Class C your classification is not subject to review, although you do have the opportunity to ask for reconsideration of the initial classification, at the time you are classified (within 30 days).

Re-classification to Class C

If at any time your invalidity classification is reviewed and your classification is changed to Class C, your pension will be ceased immediately. At this time, your employer benefit will be recalculated and preserved in MilitarySuper.

In example F, Corporal Dawson's Class A invalidity pension benefit is calculated following his discharge on invalidity grounds. If after five years of being in receipt of a Class A pension, Corporal Dawson's invalidity classification is reviewed and his classification is changed to Class C, his employer benefit is re-calculated on the basis of his 10 years actual service as follows:

7 years @ 18% = 1.26 x FAS

3 years @ 23% = 0.69 x FAS

Total = 1.95 x FAS

Corporal Dawson's FAS was \$65 000 so his employer benefit at his date of exit is:

1.95 x \$65 000 = \$126 750

As Corporal Dawson had been in receipt of a pension for five years, his employer benefit would be indexed in accordance with normal Scheme rules. The employer benefit comprises of two parts, productivity component (3%) and an unfunded component. The productivity component is held within the MSB fund and earnings are reflected in the daily unit price. The unfunded component is increased annually in line with the March to March consumer price index (CPI).

Based on the above example, Corporal Dawson's preserved employer benefit five years after his exit from the Defence Force, would have increased from \$126 750 to \$139 950.



Re-classification from Class A to Class B

If you are in receipt of an invalidity Class A pension, and a medical review results in a re-classification to Class B, your pension benefit will change to reflect the new classification.

A Class B pension is the greater of either:

- i) half a Class A pension
- ii) the employer benefit at exit divided by the age factor at exit.

Using Corporal Dawson's details as shown above, a re-classification to a Class B will change his benefit to:

Class A pension	= \$58 205 per annum
Class B pension	= \$58 205 / 2
	= \$29 102 per annum or
Employer benefit at exit	= \$126 750 / 17
	= \$7456

As \$7456 is less than half the Class A pension, the larger amount of \$29 102 becomes Corporal Dawson's Class B pension.

Opportunity to provide further information

If a case officer is going to recommend to the delegate that your classification be downgraded following your medical review, you will have the opportunity to provide new evidence. In line with the principles of procedural fairness, you will be sent a copy of the recommendation and asked to submit any additional evidence that you would like considered prior to the delegate's decision in relation to your invalidity classification. You will have 30 days from the date of receipt of the recommendation in which to provide any additional information.

Following the receipt of your response or the culmination of the 30 day period, the delegate will make a decision within ten days in relation to your invalidity classification. You will receive notification of the determination within five days of the delegate's decision.

Reconsideration of a decision made by a delegate of the Board

If you are affected by a decision of a delegate of the Board you may apply to the Board for reconsideration of the decision. You must do so within 30 days of being notified of the decision. (Refer to page 74 for more details).



Dependants' benefits

When you contribute to MilitarySuper you are not only working towards a superannuation benefit for your retirement, but also providing an insurance benefit for your dependants in the event of your death. In MilitarySuper, eligible spouses and children are referred to as eligible dependants.

Spouses' benefits

When you die, your spouse will receive a benefit from the Scheme provided you still have equity in MilitarySuper and he/she is a person with whom you had a marital or couple relationship at the time of your death.

Broadly speaking, a marital or couple relationship exists if you have been living together as husband, wife or partner on a permanent and bona fide domestic basis for a continuous period of at least three years. If the period is less than three years the MSB Board will need to seek evidence in order to be satisfied that you and your spouse ordinarily live together as husband, wife or partner on a permanent and bona fide domestic basis. For more information please see the MilitarySuper website at www.militarysuper.gov.au or speak to a customer service officer on **1300 006 727**.

Your spouse may also receive a benefit, should you be a pensioner at the time of your death, providing that either:

- » the marital or couple relationship began before you retired
- » the marital or couple relationship began after retirement but before you reached age 60.

Your spouse may also receive a benefit if the above two conditions don't apply, but the marital or couple relationship had continued for a period of three years up to the time of your death.

The pension will be reduced where the marital or couple relationship commenced after age 60, if the marital or couple relationship lasted less than three years.

A person who is receiving a MilitarySuper spouse's pension will continue to receive that pension for life.

A child's benefit may be payable to either:

- » a natural child (born in marriage or an ex-nuptial child), stepchild, adopted child, foster child or ward of a member or pensioner, who is under 16 years of age, or is a full time student (between 16 and 25) who is not ordinarily engaged in employment at the time of your death
- » a child or ex-nuptial child of your spouse, who satisfies the age/study criteria above and who was wholly, or substantially, dependent on you at the time of death
- » a child born to or adopted by the parties during a couple relationship who satisfies the age/study criteria
- » a child of the parties within the meaning of the *Family Law Act 1975* who satisfies the age/study criteria.

Death of a contributor

If you die while you are a MilitarySuper contributor, your dependants (or your estate, if you have no dependants) are entitled to:

- » your member benefit (including any ancillary benefit)—payable as a lump sum
- » your employer benefit—the amount that would have been payable if you had retired on Class A invalidity grounds

less an adjustment to recover any remaining surcharge debt at the time of death.



If you are survived by an eligible spouse, the spouse may either take the entire employer benefit as a lump sum, or convert 50% or more of it into an indexed pension. If the pension option is taken, the rate of pension will be 67% of the Class A invalidity pension. The pension benefit will increase if there are eligible children—by 11% for one child, 22% for two children, and 33% for three or more children.

When two surviving spouses meet the criteria, the benefit will be apportioned at the rate of 37.5% of the total benefit to each spouse, with the remaining 25% allocated at the discretion of the Board according to the financial needs of both spouses. Each spouse will have the option of taking the employer benefit as a lump sum or pension, or a combination of both.

Where you are not survived by an eligible spouse but are survived by an eligible child or children, they will receive the member benefit as a lump sum, and the employer benefit as a pension. The rate of pension is 45% of your notional Class A invalidity pension for one child, 80% for two, 90% for three and 100% for four or more eligible children.

If you are not survived by a spouse or child, the benefit would normally be paid to your estate.

However, if you had previously notified the Board that you had a person or persons dependent on you that you have made provision for in your will, the benefit will be paid to that person or persons.

Tax payable on a death benefit

The tax payable on a death benefit depends on how the benefit is paid. A pension will be subject to PAYG tax, like the tax you pay on your fortnightly salary. A lump sum paid to an eligible dependant is not subject to tax. However, a lump sum paid to an estate may be taxed when the estate is finalised.

EXAMPLE H: CALCULATION OF EMPLOYER BENEFIT (DEATH IN SERVICE)

Petty Officer Wakefield enlisted at the age of 17 years and 97 days, and died in service at the age of 34 years and 269 days, leaving a wife and a seven-year-old child. At the time of his death his contributions and interest amounted to \$65 385, and his final average salary was \$60 500.

As well as a lump sum of his member benefit (\$65 385), his widow would be entitled to a spouse's benefit, calculated as follows:

Class A invalidity—employer component (assuming a compulsory retiring age (CRA) of 60:

Actual service	17 years 172 days
Prospective service from age 34 to 60	25 years 96 days

Total service for calculation purposes	42 years 268 days
--	-------------------

Then, using the employer benefit growth table (page 32) we calculate his employer benefit as follows:

7 years @ 18%	= 1.26 times FAS
13 years @ 23%	= 2.99 times FAS
22 years 268 days @ 28%	= 6.37 times FAS
Total employer benefit	= 10.62 times FAS
	= 10.62 x \$60 500
	= \$642 510



Petty Officer Wakefield's widow could then select one of three options:

- » lump sum
- » pension
- » pension and lump sum.

Option 1—lump sum

She could take the \$642 510 employer benefit as a lump sum, in addition to the member benefit lump sum of \$65 385, giving her and her child a one-off lump sum benefit of \$707 895.

Option 2—pension

She could elect to convert the employer benefit in full to an indexed pension, as in the following example.

EXAMPLE I: CONVERTING SPOUSE'S BENEFIT IN FULL TO A PENSION

The spouse's benefit is 67% of the member's notional Class A invalidity pension, and the child's pension is 11 per cent of that notional pension. The notional pension is obtained by dividing the employer benefit lump sum by the age 60 conversion factor (which is 11—this assumes a CRA of age 60):

Member's notional pension = $\$642\,510 / 11$
= \$58 410 per year

Spouse's pension = 67% of notional pension

Plus child's pension = 11% of notional pension

Total pension = 78% of notional pension
= 78% of \$58 410
= \$45 560 per year

In addition to this indexed pension, Mrs Wakefield would receive a lump sum of the member benefit (\$65 385).

She would lose the child's portion once the child turned 16 (or 25 if the child remained a full-time student).

She will not lose her spouse's pension if she remarries.

Option 3—pension and lump sum

Mrs Wakefield could convert part (at least 50 per cent) of the employer benefit into a fully indexed pension, and take the balance as a lump sum, as in the following example.

EXAMPLE J: CONVERTING SPOUSE'S BENEFIT IN PART TO A PENSION

Mrs Wakefield could choose to take 60 per cent of the employer benefit as a pension and the balance as a lump sum.

60% of employer lump sum = 60% of \$642 510
= \$385 506

To convert that notional lump sum to an annual pension amount, we divide it by the age 60 conversion factor (11, assuming a CRA of age 60):

Notional lump sum = \$385 506

Age 60 conversion factor 11

Member's notional pension = \$35 046 per year

Spouse's pension = 67% of notional pension

Plus child's pension = 11% of notional pension

Total pension = 78% of notional pension
= 78% of \$35 046
= \$27 336 per year

Plus spouse's benefit lump sum = 40% of \$642 510
= \$257 004

Plus member benefit lump sum = \$65 385

Total lump sum = \$322 389

Again, she would lose the child's portion once the child turned 16 (or 25 if the child remained a full-time student), but she will not lose her spouse's pension if she remarries.



Death of a pensioner

If you have left the Australian Defence Force and are receiving a pension, your family will not be left without income when you die. Your spouse will be entitled to receive a pension of 67% of the pension you were receiving when you died. If you have eligible children (children under 16, or full-time students under 25), their pension entitlement will be added to your spouse's pension, at the rate of 11% for one child, 22% for two children, and 33% for three or more children.

EXAMPLE K: BENEFITS PAYABLE TO A SPOUSE ON THE DEATH OF A PENSIONER

Sgt Kershaw retired from the Australian Defence Force in 2002 and was receiving a pension at the rate of \$30 515 per year when he died in 2007. He is survived by his spouse, an 18-year-old daughter who is studying full-time at university, and a 13-year-old son.

The amount of dependants' benefit payable to his spouse is worked out as follows:

Spouse's pension	= 67% of \$30 515
	= \$20 445 per year

Plus children's pension	= 22% of \$30 515
	= \$ 6713 per year

Total pension payable	= \$20 445 + \$6 713
	= \$27 158 per year

Sgt Kershaw's widow will continue to receive this pension (indexed annually) as long as her children remain eligible. The pension will reduce as each child loses eligibility. Her 67% pension will continue until she dies, even if she remarries.

If you are survived by children but not by an eligible spouse, the pension entitlement would be a percentage of the pension you were receiving when you died. For one child the pension rate is 45% of your pension, for two it is 80%, for three it is 90%, and for four or more it is 100%.

Death of an invalidity pensioner

If you are an invalidity pensioner without dependants and die within ten years of your pension starting, your estate may receive a lump sum. The lump sum would be the amount of pension that would have been paid from your date of death to ten years after your pension started. This is provided the amount of pension already paid to you is less than the lump sum value of your employer benefit at retirement.

Preserved employer benefits

If you die after leaving the Defence Force and have a benefit preserved in MilitarySuper at that time, your dependants will be paid your preserved employer benefit as either a pension or a lump sum. If you have no dependants, a lump sum representing your preserved employer benefit will be paid to your estate. A preserved member benefit is paid as lump sum only.

For more information on this see the chapter on *Preserved Benefits* (page 56).

EXAMPLE L: BENEFITS PAYABLE TO ELIGIBLE CHILDREN ON THE DEATH OF A PENSIONER WHERE THERE IS NO ELIGIBLE SPOUSE

If Sgt Kershaw (see *Example K*) had been survived by his two children only, and not by an eligible spouse, the amount of benefit payable to his children would be worked out as follows:

Children's pension	= 80% of \$30 515
	+ \$24 412 per year

Sgt Kershaw's children will continue to receive this pension (indexed annually) as long as they remain eligible.



Family law superannuation splitting arrangements

Superannuation benefits are treated as property in the event of a marriage or de facto relationship breakdown. A divorcing or separating couple can either make a binding agreement on the division of superannuation assets, or the family court will include the superannuation interest(s) as part of the property settlement.

If your superannuation is split either by order of the family court or by agreement with your former spouse, a separate interest is created for the associate (non-member spouse) in MilitarySuper. Your member and employer components are reduced in accordance with factors and methodology developed for the Board by the Australian Government Actuary to enable the separate interest to be created.

A person for whom a separate interest is created as part of the family law splitting arrangements does not become a member of MilitarySuper but becomes what is known as an associate. The separate interest is usually payable as a lump sum but will be paid as a fortnightly pension if a pension is being paid to the member at the time the order or agreement takes effect. Associates should also read pages 25–27 of this book for general information relating to payment of entitlements, as well as the book entitled *Member Investment Choice Guide*. Further information can be obtained from the Board's website at www.militarysuper.gov.au

The family law arrangements impact on all Australian superannuation funds and are not retrospective.

Any members likely to be affected by these arrangements are advised to seek legal advice. For more information about this, contact the MilitarySuper Customer Service Centre on **1300 006 727**.





Ancillary benefit

When can I claim my ancillary benefit?

You can claim your benefit as a lump sum only:

- » after you reach your preservation age and permanently retire from the workforce (regardless of when your MilitarySuper or DFRDB benefit becomes payable)
- » after you reach 60 and you cease employment or change employers
- » when you reach 65 years of age
- » if the Board is satisfied that you have met the requirement of total and permanent incapacity
- » if the Board is satisfied that you meet the requirements for severe financial hardship
- » if the Australian Prudential Regulation Authority (APRA) approves payment on specified grounds.

Table 12: Preservation ages

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

In the event of your death, ancillary benefits are paid as a lump sum to one of the following:

- » your dependants (eligible spouse and/or children)
- » a dependent person or persons you nominated in writing and included in your will
- » your estate.

Rolling over your ancillary benefit

You can rollover ancillary benefits to another regulated superannuation fund, retirement savings account or approved deposit fund at any time. However, you will not be able to claim the benefit from that rollover institution until the benefit becomes payable under the rules of that fund.

Family law and ancillary benefits

Currently MilitarySuper rules do not allow your ancillary benefits to be valued and considered as part of your benefit if a family law splitting court order or superannuation agreement was to be served on the Trustee. You should be aware that this may change shortly as it is the intent of the family law arrangements that your entire benefit is capable of being split.

Should you have an ancillary benefit and are entering into family law arrangements you may wish to contact the MilitarySuper Customer Service Centre on **1300 006 727**.

Preserved benefits

What is preservation?

Preservation means the compulsory holding of a superannuation benefit in the MilitarySuper Scheme (or another regulated superannuation fund) until such time as it can be paid, or you choose to voluntarily retain your superannuation in a fund beyond that date.

Why is preservation necessary?

Superannuation is a long-term investment to provide for you in retirement. Australian law restricts the payment of superannuation benefits until you satisfy certain requirements, generally when you reach a prescribed age and retire from the workforce.

There are some situations where a pension can be paid earlier than a lump sum, such as invalidity retirement or when you turn age 55.

Many MilitarySuper members will leave the Australian Defence Force before retiring from the workforce and will consequently have some or all of their superannuation benefit compulsorily preserved until such time as they do retire. You can see this from the main Scheme benefit summary diagram on page 30.

Also, on invalidity retirement from the Australian Defence Force some or all of your member benefit must be preserved, either in the fund or another superannuation scheme.

Since inception MilitarySuper benefits have included preservation arrangements for all members leaving the Australian Defence Force before retirement.

MilitarySuper preservation arrangements ensure that:

- » you receive full credit for any superannuation benefits you accrue whilst a member of the Australian Defence Force
- » the value of those benefits is maintained according to changes in the CPI or MSB fund investment performance until they are paid
- » should you have a second period of service, your benefits are amalgamated.

What does retirement mean?

Membership of MilitarySuper guarantees you a superannuation benefit but you will not have unrestricted access to that benefit until you retire from the workforce.

Retirement from the workforce has a special meaning in the language of superannuation, which is either:

- » you have reached age 60 and ceased employment
- » you have reached your preservation age (if that is less than 60), ceased employment and intend never to be gainfully employed again.

Your date of birth determines your preservation age, as set out in Table 13.

**Table 13: Preservation ages**

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

The Australian Government introduced these rules in 1999. They apply to all regulated superannuation schemes in Australia.

How does this affect access to my lump sum?

In simple terms, the main effect of these preservation rules is to gradually increase the age at which MilitarySuper benefits can be taken entirely as lump sum from 55 to 60, provided you also satisfy the retirement conditions.

You can be paid the employer component of your MilitarySuper benefit as an indexed pension from age 55, regardless of your preservation age. However, you cannot have it paid to you as a lump sum until you have reached your preservation age (as defined above). Similarly, you cannot be paid that part of your member benefit that accrued after 30 June 1999 (or any of it if you joined after that date), until you have reached age 60 and ceased employment or reached your preservation age and retired permanently from the workforce.

How is my preserved benefit updated?

Member benefit

When you leave the Australian Defence Force you have the option of taking the member benefit you had accrued to 30 June 1999 as a lump sum, preserving it in MilitarySuper or rolling it over to another fund.

However, the part of your member benefit that accrues after 30 June 1999, which is all of it if you joined after that date, must be preserved until retirement either in MilitarySuper or another fund.

Member and ancillary benefits preserved in MilitarySuper are indexed according to the investment performance of the fund. The investment performance is represented by the daily unit price of the fund. Details of this can be found on the MilitarySuper website at www.militarysuper.gov.au

Your preserved member benefit is shown on your annual *Member Statement* as a fixed number of units, as you are no longer contributing to the fund. When you are able to claim your preserved member benefit, its value will be calculated at the prevailing unit price on the date of claim.

Funded productivity benefit

Your productivity benefit forms part of the employer component of your preserved MilitarySuper benefit. Your employer funds this benefit whilst you are in the Australian Defence Force. 'Funded' means that productivity contributions are actually paid by your employer into the MSB Fund.

The funded part of a preserved productivity benefit is updated in a similar way to your member benefit. The unit price of the fund's default investment strategy is applied to the number of units corresponding to the value of your funded productivity benefit at the time you left the Australian Defence Force. The number of units does not change because no further productivity contributions are paid by your employer after you leave the Australian Defence Force.

Unfunded productivity benefit

Members of MilitarySuper who transferred from the now closed DFRDB Scheme have a component of their productivity benefit that has not been funded. This part of a preserved productivity benefit is increased annually in line with upward movements in the CPI for the preceding 12 months ending 31 March.

Unfunded employer benefit

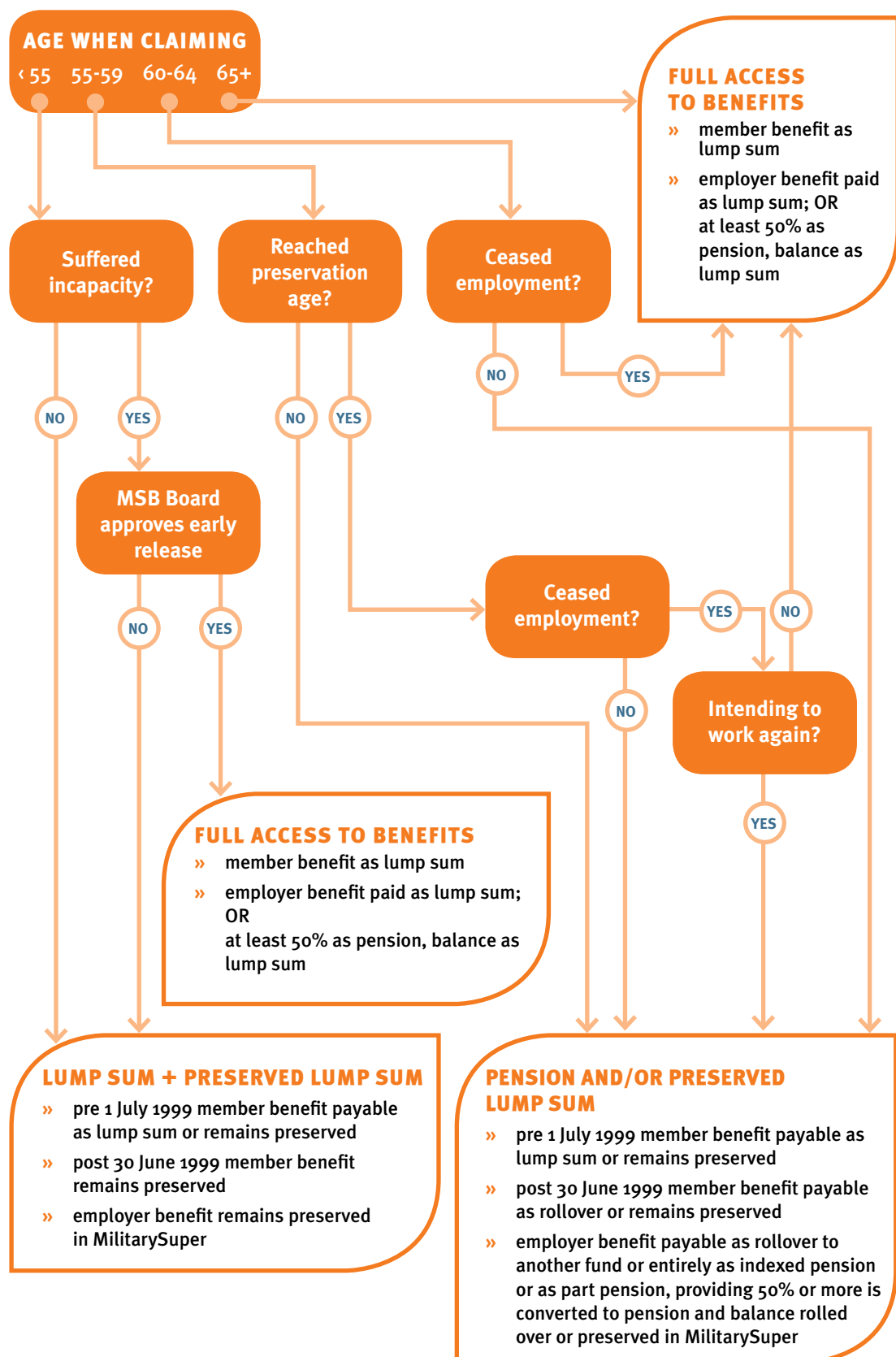
The bulk of your preserved employer benefit is unfunded, meaning the Australian Government pays the benefit as it becomes payable.

This part of your preserved MilitarySuper benefit, which is equal to the total employer benefit less the value of the productivity benefit at the time you left the Australian Defence Force, is also increased annually by upward movements in the CPI.





Summary payment of MilitarySuper preserved benefits



SURCHARGE DEBT

If you have an outstanding surcharge debt, you can elect to pay that surcharge debt from your MilitarySuper benefits. Details are contained under *Superannuation Surcharge* commencing on page 63.

When and how can I access my preserved benefit?

The Scheme rules prescribe that if you wish to claim your preserved benefit as a pension you must do so on or before turning age 65. It is important that you ensure we have your current contact details so you avoid becoming a lost member. In certain situations if we lose contact with you we are obliged to pay your preserved benefit to the ATO.

Can I roll over my preserved employer and member benefit?

You can roll over your preserved employer benefit to another fund from age 55 onwards but not before that age.

Your member benefit can be rolled over to another regulated fund but your post-30 June 1999 member benefit must remain preserved until you have reached preservation age and retired from the workforce.

Age and incapacity benefits

The diagram on the previous page describes the most common situations, and the manner, in which a preserved MilitarySuper benefit can be paid. In this diagram, early release on medical grounds (referred to in the diagram as ‘suffered incapacity’) means total and permanent incapacity (TPI), which is different from being discharged from the Australian Defence Force as medically unfit for further service. It is also different from TPI assessments under Repatriation (DVA) legislation and medical assessments for compensation purposes.

Your preservation age (Table 13 on page 57) will determine when you can access your preserved benefit. The main points to note are:

Employer benefits must be preserved in MilitarySuper until at least age 55 at which time you can claim it as a pension. You cannot claim it as a lump sum until you have reached your preservation age and permanently retire from the workforce

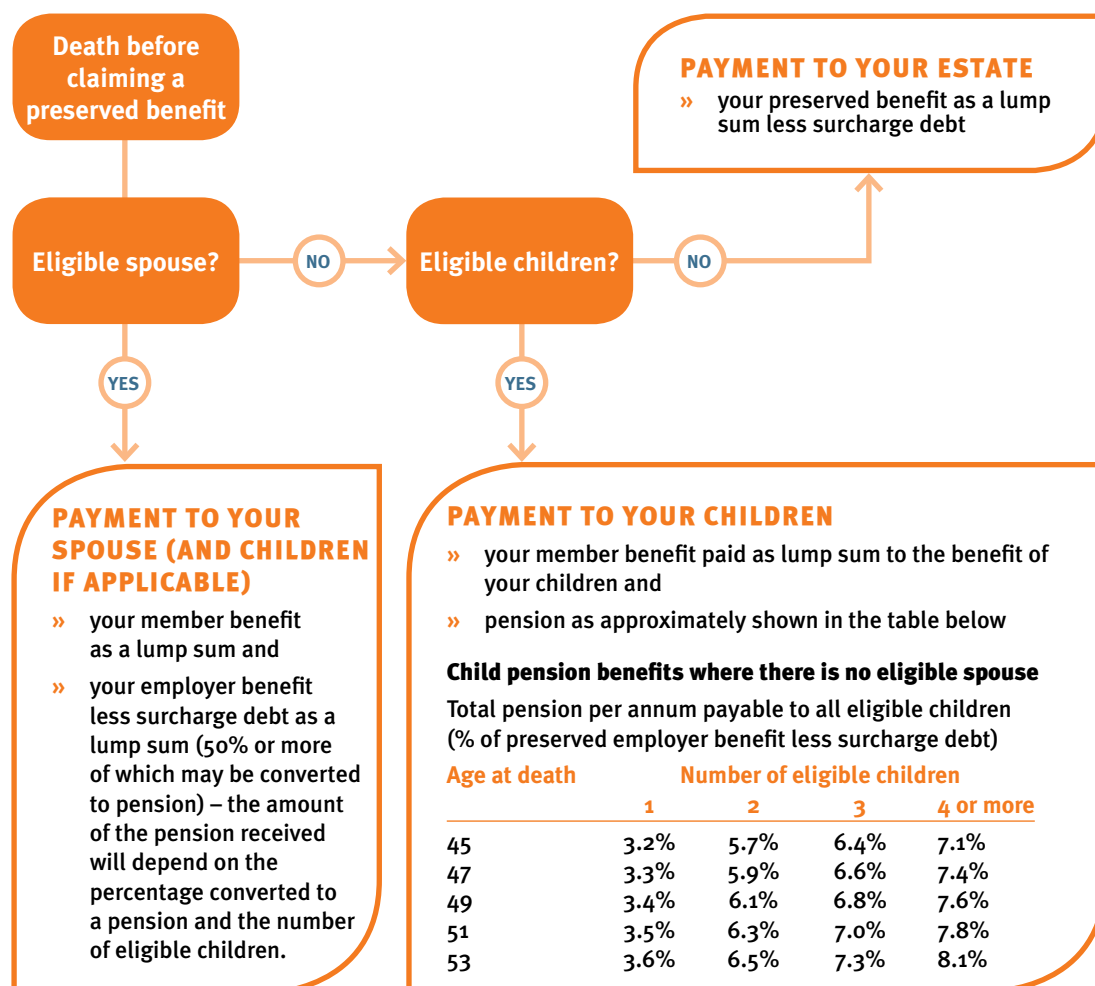
- » any pre-1 July 1999 member benefit can be taken as a lump sum. Alternatively you can preserve your entire member benefit in MilitarySuper
- » post-30 June 1999 member benefit must be preserved in MilitarySuper or any other regulated superannuation fund until you permanently retire from the workforce after reaching preservation age
- » once you have reached your preservation age, preserved benefits can be taken as a lump sum or pension, provided you have ceased employment and intend never to be gainfully employed again
- » from age 60, employer benefits can be taken as a lump sum or pension, provided you cease employment
- » earlier access to some or all of your preserved benefit may be possible.



Death benefits

The diagram on the below shows what happens should you die after leaving the Australian Defence Force but before claiming your preserved benefit.

Summary payment of MilitarySuper preserved benefits where a member dies before claiming





Early access to benefits

Normally you cannot access any part of a compulsorily preserved MilitarySuper benefit before age 55, but there are three exceptions.

1. The Board may approve payment of an invalidity benefit to you where you have become totally and permanently incapacitated, in which case you have full access to your preserved benefit as described in the diagram on page 59.
2. The Australian Prudential Regulatory Authority (APRA) may approve early payment of some of your preserved MilitarySuper benefit on specified grounds.

Generally, these are:

- » compassionate grounds for early release of a superannuation benefit. These include where you cannot otherwise meet medical and associated expenses for a life threatening or chronic pain condition, or expenses associated with palliative care for yourself or dependants
- » funeral expenses for a dependant
- » you are facing foreclosure of a mortgage on your principal place of residence.

In these circumstances you should use the APRA application form for *Early Release of Superannuation Benefits on Specified Grounds* and send it directly to:

Early Release of Superannuation Benefits
APRA
GPO Box 9836
Canberra ACT 2601

3. The Board may allow early release of a limited amount of your preserved benefit on the grounds of severe financial hardship.

To be eligible for early release of a preserved MilitarySuper benefit on the grounds of severe financial hardship before age 55 you must:

- » complete the *Application for Early Release of MilitarySuper Preserved and/or Ancillary Benefits on the Grounds of Severe Financial Hardship* form (Access-HDS) available from the forms section of the MilitarySuper website at www.militarysuper.gov.au
- » provide details of the amount you require to overcome your financial hardship
- » provide written evidence*, dated not more than 21 days before your application, that you have been in receipt of Commonwealth income support payments for a continuous period of at least 26 weeks and be receiving such payments at the time of the application
- » provide evidence of not being able to meet reasonable and immediate family living expenses.

* The written evidence required is a letter, concerning yourself only, from either Centrelink or Veterans' Affairs confirming that you are in receipt of an eligible Commonwealth income support payment. Centrelink provides this letter as form Q230. The title of the letter from Veterans' Affairs is *Release of Superannuation Benefits on Hardship Grounds—Income Support Requirements Met*.

If your application meets the requirements for early release on the grounds of severe financial hardship you may be paid, in any 12-month period, a single lump sum of not less than \$1000 (unless your preserved benefit is less than \$1000) but not more than \$10 000.

Any such payment is subject to tax as a PAYG Payment Summary—superannuation lump sum. No more than one payment can be made in any 12-month period.



Superannuation surcharge

The superannuation contributions surcharge is a tax that is levied on the notional value of employer contributions made prior to 30 June 2005.

It no longer applies but surcharge debts that arose before 1 July 2005 may not yet have been paid.

Interest on the surcharge debt

Any surcharge debt amount remaining at the end of a financial year will be charged interest at the 10-year Treasury bond rate. To avoid the imposition of a full year's interest on the surcharge debt in a particular financial year, you would need to ensure that the payment is received by ComSuper before the close of business on 30 June that year.

If you wish to make a payment, in part or in full, it should be sent directly to ComSuper with a *DFRDB and MSBS Members Contributions Surcharge Remittance Advice* (SUR-DM1) form available from the forms section of the MilitarySuper website at www.militarysuper.gov.au

Payment of surcharge debt from pension

Payment of a surcharge debt from a MilitarySuper pension is achieved by converting the surcharge debt to an annual pension reduction amount, and reducing the gross pension by that amount.

The annual pension reduction amount is determined by dividing the lump sum surcharge debt by a pension surcharge reduction factor as shown in Table 14. This reduction will remain in place for the life of the pension payment, even if you receive the pension for longer than the reduction factor period.

Table 14: Pension surcharge reduction factors

Age in completed years at start of pension	Indexed pension reduction factor
65	14.7
64	15.1
63	15.5
62	15.9
61	16.2
60	16.6
59	16.9
58	17.2
57	17.5
56	17.8
55	18.1

Note: The pension surcharge reduction factors increase progressively for ages under 55.



EXAMPLE M: PAYMENT OF SURCHARGE DEBT FROM INDEXED PENSION

Surcharge debt amount = \$10 000

Age in completed years at date of commencement of pension = 58

Pension per year before reduction = \$40 000

Calculation of pension reduction amount

$$\frac{\$10\,000}{17.2} = \$581.40$$

Indexed pension payable after reduction = \$39 419

Future pension adjustment

Once the pension reduction amount is subtracted from the initial amount of pension, the remaining pension is subject to adjustment in the normal manner on the first pension payday in July and January each year, in accordance with any upward movement in the CPI.

Payment of surcharge debt from a lump sum benefit

If a surcharge debt is to be paid from a MilitarySuper benefit and a member elects for a lump sum only benefit, or where pension is payable and you elect to have the debt applied to the lump sum instead of the indexed pension, the lump sum is reduced by the surcharge debt amount recorded at the time the benefit is determined.

Payment from a before-tax amount

As the benefit is reduced by the surcharge debt amount before it becomes payable, the amount applied to pay the debt does not form part of taxable income, and is not subject to the tax that would otherwise apply to the pension or lump sum. In other words, the payment is made from a before tax amount.

Benefit preserved in MilitarySuper

Any surcharge debt remaining at 30 June each year whilst the benefit is preserved will be accrued with interest at the 10-year Treasury bond rate.

Surcharge debt assessment received after payment of benefit

Any surcharge debt assessment received after ceasing membership and payment of the benefit, becomes payable by you direct to the ATO. If you have rolled over your benefit the debt is transferred to your rollover institution.

Disagreement with assessment

A member who disagrees with an assessment, insofar as it is based on adjusted taxable income, may lodge a formal objection with the ATO.

If the disagreement relates to the calculation of the amount of surchargeable contributions, a request for reconsideration may be made to the Board of Trustees.

A request for reconsideration would need to be based on material facts, for example, you would need to demonstrate that MilitarySuper had not undertaken the calculation of surchargeable contributions in accordance with the provisions of the *Superannuation Contributions Tax (Assessment and Collection) Act*, or you disagree with the data MilitarySuper used to calculate surchargeable superannuation contributions, such as the Notional Surchargeable Contribution Factor used, or the salary, age, or membership period.

If you are still dissatisfied after reconsideration by the Board, a complaint may be lodged with the Superannuation Complaints Tribunal.



Considerations for reducing the debt

Whether it is preferable to pay any surcharge debt progressively during the period of membership, or to leave the debt until the benefit becomes payable, depends on each member's personal circumstances.

If you have a surcharge debt, you may wish to seek professional financial and taxation advice on this.

Board may vary surcharge debt amount

If you have a surcharge debt at the time benefits become payable, the Board must determine the surcharge deduction amount that is fair and reasonable.

This means that the Board may vary the surcharge debt amount when benefits become payable.

The Scheme rules specify that the Board must take certain matters into account in making such a determination. In particular, the rules specify that the surcharge debt amount cannot be more than 15% of the employer-financed component of the benefit accrued since 20 August 1996.

The Board has issued guidelines to the effect that the surcharge deduction amount will ordinarily be the same as the amount of the surcharge debt (that is, the surcharge amount already assessed by the ATO is the correct amount) unless:

- » in special circumstances deduction of that amount would cause you to suffer an unfair or unreasonable financial detriment
- » the amount of the surcharge debt was based on an incorrect calculation of surchargeable contributions.

A surcharge debt amount can only be varied if you have a surcharge debt at the time benefits become payable. If a surcharge debt is paid before benefits become payable the Board cannot alter the surcharge debt amount.

Enquiries

The ATO is the primary point of contact for enquiries on the superannuation contributions surcharge and related matters. The ATO helpline is **13 10 20** for the cost of a local call.

If you have an enquiry about ComSuper's administration of the surcharge, you can call ComSuper on **1300 006 727**. Alternatively, you can email your enquiries to MilitarySuper at **members@enq.militarysuper.gov.au**



Claiming your benefit

Benefit application forms

To claim your benefit you must fill out a benefit application form. Each form contains information about your eligibility for a benefit and how to fill in the form. There are separate forms for members and associates. Associates are persons who have an entitlement to a MilitarySuper benefit as a result of a family law splitting arrangement (see the chapter on *Associates* on page 25).

Make sure that you fill out the correct form for the benefit you are seeking—payment of your benefit will be delayed if you don't. The following forms are available from your pay office and from the MilitarySuper website at www.militarysuper.gov.au or by calling **1300 006 727**.

Member forms

M1: Application for Resignation Benefits (including Ancillary Benefits)—use this if you are resigning before age 55 (or before compulsory retiring age, if that is less than 55).

M10: Application for Benefits on Retrenchment (including Ancillary Benefits)—use this if you are retrenched or made redundant.

M20: Application for Retirement Benefits (including Ancillary Benefits)—use this if you are retiring on or after reaching compulsory retiring age or age 55.

M40: Application for Invalidity Benefits—use this if you are being discharged from the Defence Force on the grounds of invalidity.

M60: Claim for Preserved Benefit before Preservation Age (including Ancillary Benefit)—use this if you were a member of MilitarySuper, have a preserved member benefit, are under your preservation age and wish to withdraw some or all of the preserved member benefit accrued to June 30 1999.

M65: Claim for Preserved Benefits after Preservation Age (including Ancillary Benefits)—use this if you were a member of MilitarySuper, have preserved benefits, have reached your preservation age and wish to withdraw some or all of the preserved benefit from MilitarySuper.

Access HDS: Application for Early Release of MilitarySuper Preserved and/or Ancillary Benefits on the Grounds of Severe Financial Hardship—use this if you want to claim early release of your employer benefit on financial hardship or compassionate grounds.

Access MED: Application for Early Release of Preserved Benefit on Medical Grounds—use this if you want to claim early release of your employer benefit on medical grounds.

M80: Spouse and Children of a Member or Preserved Benefit Member—use this if you are an eligible spouse of a deceased preserved benefit or contributing member.

M85: Application for Child's Benefits (including Ancillary Benefits)—used where a child is considered an eligible child of a deceased preserved or contributing member.

DM90: Application for Estate Benefit (including Ancillary Benefit)—use this if you are handling the estate of a deceased member or pensioner in a case where no spouse benefit is payable. If there is a surviving child but no surviving spouse, it should be used in conjunction with M85 form.

MS2SP: Spouse and Children of a Pensioner—use this if you are the eligible spouse and children of a deceased pensioner.



Associate forms

Access HDS: Application for Early Release of MilitarySuper Preserved and/or Ancillary Benefits on the Grounds of Severe Financial Hardship—use this if you want to claim early release of part of your associate benefit on financial hardship or compassionate grounds.

Access MED: Application for Early Release of Preserved Benefit on Medical Grounds—use this if you are totally and permanently incapacitated and want to claim your associate benefit.

A50: Application by Associate to Rollover Associate A Benefit—use this if you want to roll over the Associate A component of your benefit to another fund.

A65: Application by Associate for Preserved Benefit after Reaching Preservation Age—use this if you have reached your preservation age and wish to withdraw your benefit from MilitarySuper.

A80: Application by Spouse and/or Children, for Benefit on Death of an Associate—used where the associate dies before claiming his or her benefit.

A85: Application for Eligible Child(ren)'s Benefits on Death of an Associate—used where the associate dies before claiming his or her benefit and there is an eligible child or children.

A90: Application for Estate Benefits on Death of an Associate—used where the associate dies before claiming his or her benefit and there is no spouse and/or eligible children.

ASSOC-PENS: Application for an Associate Pension by the Former Spouse of a MilitarySuper Pensioner—used where a former spouse of a MilitarySuper pensioner is awarded a payment split under the *Family Law Act*.

Ancillary forms

MACo1: Additional Personal Contributions—Deposit Form—use if you are a current contributing member and you wish to make personal superannuation contributions in addition to your regular fortnightly contributions.

MACo2: Application to Pay in a Transfer Amount— use if you are a current contributing member and you wish to transfer money from another superannuation fund to MilitarySuper.

MACo3: Application to Pay Spouse Contributions— use if you are a current member and you wish to make superannuation contributions on behalf of your spouse.

MACo4: Spouse Contributions—Deposit Form—use if you are a current member and have received written advice from MilitarySuper that your spouse is eligible to receive spouse contributions.

MACo5: Application to claim Ancillary Benefit Only—use if you wish to claim only your ancillary benefit.



The Board of Trustees

What does it do?

The general powers, duties and discretions of the Board are set out in the Trust Deed. The Trust Deed also contains provisions for the investment of the Military Superannuation and Benefits Fund No. 1.

The Board's main responsibility is to act in the best interests of all MilitarySuper members in the administration of the Scheme and the investment of the fund. Based on the advice of professional consultants, the Board manages the investments of the fund to maintain its long-term viability and at the same time maximise the return on your investment in the fund within the chosen risk profile of your investment option. You will be advised once a year (prior to 31 December) of the value of your superannuation account including the interest that was credited to your account for the previous financial year by way of the change in unit prices.

The Board also issues a newsletter and the Annual Report to members to tell you of the fund's investment performance and other issues relevant to your membership of the Scheme.

If you require any further information about the Board of Trustees or the Fund you can contact:

The Fund Secretary

GPO Box 636

Canberra ACT 2601

Phone: (02) 6122 6704

Fax: (02) 6122 6777

Internet: **www.militarysuper.gov.au**



The investment fund

Where does your money go?

Your fortnightly contributions are paid into the MSB fund. The management of fund holdings is a complex task requiring specialist skills. The Board has the power to appoint professional fund managers to ensure that the fund is managed responsibly over a wide range of investment vehicles, such as property, stocks and shares, fixed interest bonds, and cash.

How is it managed?

With the help of investment consultants, the Board has devised a long-term investment strategy, and directed its fund managers to implement that strategy. Although the Board has regard to labour standards and environmental, social and ethical issues, it does not have a specific policy on those matters when selecting, retaining or realising an investment. The fund managers have to manage their portfolios in accordance with specific guidelines (investment mandate) set down by the Board.

Those guidelines include directions as to the types of investments to be pursued, the maximum and minimum holdings for each type of investment, and the expected rates of return. The Board regularly monitors the performance of its fund managers and at least once a year undertakes a major review of its long-term investment strategy and individual fund manager performances.

The Board seeks professional advice to review its investment policy and examine the performance of the fund managers and the adequacy of the returns achieved by the fund against the fund's absolute return objectives.

What is unitisation?

Unitisation is a means by which the net assets of the MSB fund can be attributed to the individual member of MilitarySuper. Unitisation is a means of facilitating administration of the fund and, in particular, implementation of member investment choice. The investment performance of the fund is reflected in the daily unit price.

When MilitarySuper members make contributions to the fund they are allocated units based on the unit price for their chosen investment option (and if no choice is made the Growth [default] investment option), on the day the contributions are received. On the other hand, when members receive a benefit from the fund, they will be effectively 'cashing in' or redeeming their units at the unit price applicable on the later of:

- (a) the day after exit
- (b) the day on which their completed application is received in ComSuper though the unit price will not be known until the following day.

Calculation of unit prices

A unit price is set for each day for each of the investment strategies of the fund. Unit prices are published on the MilitarySuper website at www.militarysuper.gov.au

The formula for calculating the price of MilitarySuper units is:

$$\frac{\text{Net assets of the investment strategy at close of business}}{\text{Total number of funded units on issue for the investment strategy at close of business}}$$

The MSB Board receives daily valuations of investments and tax information from the fund's custodian at close of business each day plus additional assets and liabilities held on the Board's behalf. These are required for the calculation of the net assets of the MilitarySuper fund. You should be aware that past net earning rates reflected in unit prices are not an indication of future net earning rates and unit prices.

Taxation

MilitarySuper is a complying superannuation fund for the purposes of the *Superannuation Industry (Supervision) Act 1993* and as such pays income tax on its net investment earnings, including capital gains, and employer contributions paid into the fund (the 3% productivity contributions and salary sacrifice (pre-tax contributions) are the only employer contributions paid into the fund—the balance of the employer-financed benefits are paid directly from consolidated revenue) which are subject to the 15% contributions tax before investment and allocation to member accounts.

The income tax applicable on the fund's net investment earnings is the total amount of the tax payable from the five investment strategies under member investment choice. The investment options will attract different rates of tax because they vary in the type of assets held. For example, Australian shares have a lower effective tax rate than cash and fixed interest securities because capital gains on shares held for more than 12 months are taxed at the rate of 10% and dividends received from Australian shares may have franking credits which reduce the amount of tax otherwise payable.

The way in which MilitarySuper benefits are taxed is described at *Appendix B*.

Investment information

The Board issues an Annual Report to members. This contains information on investment returns, changes to Scheme rules and investment policy, and information on the government's superannuation initiatives.

Further information is available on the MilitarySuper website at www.militarysuper.gov.au

If you consider that you need more information to make an informed assessment of the management, financial condition and investment performance of the fund you can contact:

The Fund Secretary
GPO Box 636
Canberra ACT 2601

Phone: (02) 6122 6704

Fax: (02) 6122 6777

Email: members@enq.militarysuper.gov.au



Fees and other costs

MilitarySuper is required by law to provide you with the following consumer advisory warning. MilitarySuper members should note that this is only relevant for the accumulation component of your final benefit.

For DFRDB members with ancillary contributions held in MilitarySuper, this consumer advisory warning is only relevant to your ancillary benefit, as it is considered to be an accumulation benefit.

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% on your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period. (For example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance, or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial advisor. You should note that so far as MilitarySuper is concerned the Department of Defence meets all administration costs, and investment management costs are deducted before unit prices are declared.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website at www.moneysmart.gov.au, has a superannuation calculator to help you check out different fee options.

All fees associated with the administration of the Scheme are paid by the Department of Defence. This means that you do not pay fees such as establishment, contribution, withdrawal or any other ongoing fees. There is, however, a flat fee of \$150 charged to cover family law information request processing.

Other fees and charges associated with the management and investment of the fund are deducted before unit prices are declared. These fees and charges vary from time to time and include the fees charged by individual managers according to the asset class, the investment style of the manager and the amount under management. The Indirect Cost Ratio (ICR) is used to show you the approximate amount of 'management costs' that affect your investment. The ICR is updated annually on the MilitarySuper website at www.militarysuper.gov.au

Also, each year you will receive an annual *Member Statement* which will show your approximate share of investment management costs that were deducted from the assets of the fund before unit prices were declared.

The table on page 73 shows fees and other costs that you may be charged. Although most of the fees do not apply, you should read all the information about fees and costs. It is important to understand their impact on your investment with MilitarySuper and so you may compare MilitarySuper with other products. Apart from fees charged to provide family law information, all other costs are deducted before daily unit prices are declared. No fees are directly deducted from your account.



The table applies to the following accounts:

- » member, ancillary and employer contribution accounts held by MilitarySuper members and ancillary contribution accounts held by DFRDB members
- » spouse accounts held by spouses of MilitarySuper and DFRDB members.

Investment management fees

The specified fee covers all investment related expenses including brokerage and performance fees. Investment managers incur brokerage costs when buying and selling investments but returns are reported net of those costs. Performance fees may be payable when defined investment performance hurdles are exceeded, but future performance fees cannot be predicted.

Any performance fees are included as part of the investment management fees and deducted before unit prices are declared. Investment costs will change throughout the year. The latest ICR for the various options (ratio of fund's management costs as a proportion of total assets) is set out at www.militarysuper.gov.au





Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the fund	nil	The Board does not charge these fees
Establishment fee <i>The fee to open your investment</i>	nil	The Board does not charge this fee
Contribution fee <i>The fee on each amount contributed to your investment—either by you or your employer</i>	nil	The Board does not charge this fee
Withdrawal fee <i>The fee on each amount you take out of your investment</i>	nil	The Board does not currently charge this fee, however may do in the future
Termination fee <i>The fee to close your investment</i>	nil	The Board does not charge this fee
Management costs		
Administration fees <i>Fees for operating the Scheme</i>	nil	These costs are met by the Department of Defence
Investment management fees <i>Fees and costs for managing your investment (Indirect Cost Ratios—ICRs)</i>	Cash: 0.1972% Conservative: 0.2677% Balanced: 0.4481% Growth: 0.4317% High Growth: 0.5745%	All are deducted from the value of fund assets before the unit price is declared
Service fees		
Investment switching fee <i>The fee for changing investment options</i>	nil	The Board does not charge this fee
Ancillary contributions fee	nil	The Board does not currently charge this fee—all administration costs (including those associated with ancillary contributions) are met by the Department of Defence
<i>Family Law Act</i> information	\$150.00	Charged to the person seeking the information
Reconsideration fee	nil	The Board does not currently charge this fee, however may do so in the future

Other matters

Appeal rights

You are entitled to ask the Trustees to reconsider a decision they or their delegates have made.

Your application should be made within 30 days of the decision and it must be in writing. The 30-day time limit can be extended in special circumstances. If you are disputing a decision made by the Trustees (as opposed to a decision made by one of their delegates), you must specify the grounds on which you are appealing and provide new evidence to support your case.

If you don't provide evidence or material that the Trustees haven't earlier considered, your request will not be accepted.

A fee may be set by the Trustees in respect of the reconsideration of Trustees' decisions. The fee will be refunded if your application is not accepted for investigation or the reconsideration results in the overturning of the Trustees' decision that was challenged. You should check with ComSuper before lodging a request for reconsideration to see whether a fee is payable.

If you are appealing against a delegate's decision, you do not have to provide new evidence or pay any fee. It is still necessary to set out in writing particulars of the decision which you wish to have reconsidered.

Once an application is accepted, preliminary investigations will normally be carried out by ComSuper. In medical cases, such investigations might include seeking additional reports from doctors involved in the case.

When all information is to hand, details will be referred to the Reconsideration Committee (or RC). When a decision has been made you will be notified of the outcome and provided with written reasons for the decision. You will also be advised of any further appeal rights that you may have.

Freedom of Information

The *Freedom of Information Act 1982* (FOI Act) provides you with a general right of access to information held by government agencies, including ComSuper. The FOI Act also provides some exemptions which are necessary to protect matters of essential public interest and the private affairs of individuals.

You may exercise your right to obtain documents held by ComSuper that relate to you or your entitlement to superannuation benefits.

Complaints Officer

The Board has established a formal procedure for dealing with members' enquiries and complaints. A Complaints Officer is responsible for ensuring that these matters are dealt with within 90 days. If you wish to lodge a complaint, please contact the Complaints Officer as follows:

Phone: 1300 033 732
Email: complaints@enq.militarysuper.gov.au
Post: Complaints Officer
PO Box 22
Belconnen, ACT 2616.

It is important that your complaint is addressed to the 'Complaints Officer' to ensure prompt attention.

Alternatively, you may direct your complaint to the Board at GPO Box 636, Canberra, ACT 2601.



Superannuation Complaints Tribunal

If you are not satisfied with the Board's or ComSuper's handling of a decision or complaint, you may contact the Superannuation Complaints Tribunal (SCT). This is an independent organisation, established by the Federal Government, to help members to resolve certain types of complaints. The SCT may be able to assist you to resolve your complaint, but only if you have made a complaint to the Board or to ComSuper and you are not satisfied with the treatment of the complaint. The SCT will not hear a complaint otherwise. If the SCT accepts your complaint, it will attempt to resolve the matter by mediation between you and the Board or ComSuper on the Board's behalf to reach a mutual agreement.

You can contact the SCT for the cost of a local call from anywhere in Australia on **1300 884 114** or at **info@sct.gov.au** by email.

Member statements

As a contributor to MilitarySuper you will receive an annual *Member Statement* from MilitarySuper prior to 31 December every year. The *Member Statement* details your accumulated contributions to the Scheme at 30 June in that year. The statement also provides you with information about your length of contributory service, your salary for superannuation purposes and the effect that investment fees and charges have on daily unit prices.

If you are a preserved benefit member or an associate of MilitarySuper, you will also receive an annual statement.

As member statements are your record of your accumulated Scheme membership, you should keep them in a safe place.

If you have any enquiries regarding the factual information contained in your statement, you should contact your pay office. Otherwise you should direct your query to MilitarySuper.

General enquiries

ComSuper administers MilitarySuper on behalf of the Board and, acting under the Board's Australian Financial Services Licence (AFSL), can provide information on your options and entitlements under the Scheme. However, as the Board is licensed to provide general financial product advice, like the information in this publication, ComSuper can only provide you with information or general advice which does not take into account your particular objectives, financial circumstances or needs. You may wish to consider obtaining professional advice about your particular circumstances, before making any financial or investment decisions.

Should you need to contact MilitarySuper, please direct all enquiries to:

Phone: 1300 006 727
Fax: (02) 6272 9617
Email: **members@enq.militarysuper.gov.au**

You can also contact MilitarySuper by Telephone Typewriter (TTY) for all types of enquiry on **(02) 6272 9827**.

MilitarySuper's postal address is:
PO Box 22
Belconnen ACT 2616.

Appendix A: Transfers from the DFRDB

The employer-financed benefit

If you transferred to MilitarySuper from the DFRDB, all your DFRDB contributory service (including any prior service you had purchased) counts as MilitarySuper service when your employer benefit is calculated.

The member benefit

When you changed schemes, your DFRDB Scheme contributions were transferred across to your MilitarySuper account. Interest was added to those contributions, at the long-term bond rate that applied during the term of your DFRDB membership. If you had any debts at the time of transfer (such as for the purchase of prior service), they would have been deducted from your account. As soon as you came over to MilitarySuper, your total contributions began earning interest at the crediting rate of the fund.

Appendix B: Tax on MilitarySuper benefits

The rate at which your benefit will be taxed when you claim your benefit is dependent upon:

- » your age
- » whether your benefit is from a taxed or an untaxed source
- » whether you can claim all or a portion of your benefit.

The following is intended to be a general guide only of the different tax rules that apply to the various parts of your benefit.

Taxed source

A benefit is from a taxed source if tax has previously been paid on the contributions that created the benefit. Generally, the contribution has been paid from your after tax salary or has attracted contributions tax on entry to the fund. These include:

- » member contributions
- » additional personal contributions
- » spouse contributions
- » government co-contributions
- » productivity contributions
- » salary sacrifice contributions
- » superannuation guarantee contributions
- » transfer amounts
- » any earnings on these contributions.

Your benefit from a taxed source is further divided into two parts:

i) Tax free

You pay no tax on the tax-free part when you claim your benefit. The tax-free part of your benefit from a taxed source is made up of several components. The most common of these components are the pre-July 1983 component and non-concessional contributions. Your non-concessional contributions are:

- » member contributions
- » additional personal contributions
- » co-contributions.

ii) Taxable

The most common component is the productivity contributions.

Untaxed source

The bulk of your employer benefit is paid from an untaxed source, i.e. total employer component less the productivity amount referred to above. This is drawn from consolidated revenue when it becomes payable and no tax has already been paid on this amount.

If you have transferred from the DFRDB Scheme:

- » the interest accrued on your member contributions until the time you transferred to MilitarySuper
- » a component of your pre-July 1983 member contribution is from an untaxed source.

Tax on pensions

MilitarySuper pensions are subject to normal PAYG tax deductions, in the same way your salary is subject to fortnightly tax deductions, and to yearly assessment. Normal rebates apply and any pension paid from an untaxed source is included as assessable income for income tax purposes. Once you reach age 60 any portion of your pension derived from the funded productivity component will be tax free and that portion derived from your unfunded employer component is subject to normal PAYG tax deductions with a 10% offset.

Surcharge

Depending on the level of your income you may have incurred a tax liability under the superannuation contributions surcharge legislation. See the chapter on the *Superannuation Surcharge* at page 63 for further details.

Ask an expert

When the time comes for you to leave the Australian Defence Force, you should consider obtaining advice from a qualified taxation consultant and/or financial planner.

Appendix C: Pension conversion factors

When you reach your compulsory retiring age, or if you had preserved your employer benefit and have reached age 55, or if you are made redundant—you may take a part (at least half) of your employer benefit as an indexed pension.

To calculate the annual rate of pension, you must decide on the amount of the employer benefit you wish to convert, (at least 50%), and then apply a pension conversion factor based on your age (in years and days). To determine your pension conversion factor, the following formula can be used:

Conversion factor

Where Y =

Where D =

= Y -

Conversion factor for age at last birthday (see Table C1)

Number of days since last birthday

(D x 0.2)

365.25

The pension conversion factors, from age 18 to 65, are shown in Table C1.

Table C1: Pension conversion factors, age 18-65

Age	Factor	Age	Factor	Age	Factor	Age	Factor
18	19.4	30	17.0	42	14.6	54	12.2
19	19.2	31	16.8	43	14.4	55	12.0
20	19.0	32	16.6	44	14.2	56	11.8
21	18.8	33	16.4	45	14.0	57	11.6
22	18.6	34	16.2	46	13.8	58	11.4
23	18.4	35	16.0	47	13.6	59	11.2
24	18.2	36	15.8	48	13.4	60	11.0
25	18.0	37	15.6	49	13.2	61	10.8
26	17.8	38	15.4	50	13.0	62	10.6
27	17.6	39	15.2	51	12.8	63	10.4
28	17.4	40	15.0	52	12.6	64	10.2
29	17.2	41	14.8	53	12.4	65	10.0



Appendix D: Protecting your privacy

The Board is required to comply with the Information Privacy Principles under the *Privacy Act 1988* in the collection, storage, use and disclosure of personal information in its possession.

The Board also ensures that its administrator (ComSuper) complies with the Privacy Act and other Commonwealth legislation which protects the security of your information.

The Board and our administrator have policies and procedures in place to protect the privacy of your personal information. These apply to any personal information you or your representative provide to the Board or our administrator, such as:

- » when you send documents or forms to us
- » when you access our website
- » when you contact us by telephone via our Customer Service Centre
- » at any other time you contact us or provide us with information.

We collect your personal information as necessary to administer your superannuation scheme, including to verify your identity. Some of this information is essential for us to accurately calculate and pay your superannuation benefits. Other types of personal information we collect help us to profile the needs of our members and what improvements can be made to our services.

The Privacy Act contains guidelines dealing with the collection, storage, use and security of tax file number (TFN) information. TFNs are only used where permitted by law. We ensure that your TFN is stored in a way that prevents its access by staff except where it is required to fulfil a request.

We will only disclose your personal information:

- » with your consent
- » when it is reasonably expected that you are aware that the information is usually passed to another person, body or agency
- » to prevent a threat to life or health
- » when authorised or required by law, for example under the *Family Law Act 1975*
- » when reasonably necessary to enforce criminal law or a law imposing a pecuniary penalty, or for the protection of the public revenue
- » in the event of certain emergencies or disasters.

If you wish to gain access to your personal information, have a complaint about a privacy issue or wish to query how your personal information is collected or used, please forward your request, complaint or query to the address below. We will respond as soon as possible.

Privacy and Freedom of Information Officer

MilitarySuper
PO Box 22
Belconnen ACT 2616
Phone: **1300 033 732**

HOW TO CONTACT US

If you need further information about any aspect of your MilitarySuper membership, contact ComSuper.

Address: Unit 4 Cameron Offices
Chandler Street
Belconnen ACT 2616

Post: PO Box 22
Belconnen ACT 2616

Ph: 1300 006 727

Fax: (02) 6272 9617

TTY: (02) 6272 9827

Email: members@enq.militarysuper.gov.au

Web: www.militarysuper.gov.au