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RAYNAB T HMAS WESTRALIA

RAYNZY T HMAS DARWIN

R 180725Z MAY 95

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AIG THREE SIX ZERO ONE ***
AIG THREE SIX ZERO TWO ***
AIG THREE EIGHT ZERO EIGHT ***
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SUBJ: CHANGES TO SUPERANNUATION PRESERVATION ARRANGEMENTS

1. CHANGES TO SUPERANNUATION PRESERVATION ARRANGEMENTS, THAT IS, THE ABILITY TO ACCESS SUPERANNUATION BENEFITS (BOTH MEMBER AND EMPLOYER BENEFITS) WERE RECENTLY PUBLICISED IN THE COMSUPER PUBLICATION, MILITARY SUPER NEWS (ISSUE NO 8, MAR 95), AND IN MESSAGES FROM NAVY OFFICE

AND ARMY OFFICE. THESE ANNOUNCEMENTS HAVE APPARENTLY RAISED A NUMBER OF QUESTIONS AND CONCERNS AMONG ADF MEMBERS, PARTICULARLY MSBS CONTRIBUTORS.

2. THE CHANGES ARE COMPLEX AND REFLECT THE GOVERNMENT'S SECURITY IN RETIREMENT INITIATIVES, FIRST ANNOUNCED IN JUN 92. WHILE IT IS NOT POSSIBLE TO EXPLAIN ALL THE ISSUES IN DETAIL IN A GENERAL MESSAGE, A SUMMARY OF THE KEY ELEMENTS IS PROVIDED BELOW.
PRESERVATION OF MEMBER BENEFIT.

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3. THIS CHANGE AFFECTS MSBS MEMBERS ONLY. THIS REQUIREMENT WAS LEGISLATED IN THE SUPERANNUATION INDUSTRY SUPERVISION (SIS) ACT 1993. DEFENCE SOUGHT AN EXEMPTION FOR DFRDB AND MSBS, HOWEVER AN EXEMPTION WAS ONLY APPROVED FOR DFRDB.

4. CURRENTLY THE MSBS MEMBER BENEFIT (COMPRISING MEMBER CONTRIBUTIONS AND INTEREST) CAN BE PAID IN FULL TO A MEMBER ON SEPARATION FROM THE ADF, REGARDLESS OF THEIR AGE. HOWEVER, AFTER 1 JUL 96, MEMBERS WILL NOT BE ABLE TO ACCESS THE FULL MEMBER BENEFIT ON SEPARATION. INSTEAD, THEY WILL BE ENTITLED TO WHICHEVER IS THE GREATER AMOUNT OF THE FOLLOWING:

A. THEIR MEMBER BENEFIT AS AT 1 JUL 96, INDEXED TO THE AVERAGE WEEKLY ORDINARY TIME EARNINGS (ANOTE) INDEX, OR

B. ALL MEMBER CONTRIBUTIONS PAID AFTER 1 JUL 83 UP TO DATE OF SEPARATION.

THE PORTION OF THE MEMBER BENEFIT THAT CANNOT BE ACCESSED WILL HAVE TO BE PRESERVED UNTIL AGE 55 OR RETIREMENT FROM THE WORKFORCE. IN EFFECT THIS MEANS THAT MSBS MEMBERS WILL BE REQUIRED TO PRESERVE ANY INTEREST EARNED ON THEIR MEMBER BENEFIT AFTER 1 JUL 96.

5. FURTHER INFORMATION ON THIS ISSUE, INCLUDING EXAMPLES OF HOW THE PRESERVATION ARRANGEMENTS WILL APPLY TO INDIVIDUALS, IS TO BE PUBLISHED BY COMSUPER IN THE SERVICE NEWSPAPERS AND IN THE NEXT ISSUES OF MILITARY SUPERNEWS AND THE MSBS NEWSLETTER. PRESERVATION AGE TO BE EXTENDED TO AGE 60.

6. THE GOVERNMENT INTENDS TO INCREASE THE PRESERVATION AGE, THAT IS, THE AGE AT WHICH SUPERANNUATION BENEFITS CAN BE ACCESSED, TO AGE 60. THIS CHANGE WILL APPLY TO ALL PERSONNEL BORN AFTER JUL 1960. A PHASE IN PERIOD APPLIES TO MEMBERS BORN BETWEEN JUL 60 AND JUN 64, WITH FULL PRESERVATION TO AGE 60 APPLYING TO THOSE BORN AFTER JUN 64.

7. THIS PROPOSED CHANGE HAS NOT YET BEEN LEGISLATED AND DEFENCE HAS MADE A SUBMISSION TO THE TREASURER SEEKING AN EXEMPTION FOR THE DFRDB AND MSB SCHEMES. THE TREASURER HAS AGREED TO EXEMPT THE DFRDB SCHEME, HOWEVER THE 3 PERCENT PRODUCTIVITY BENEFIT WILL NEED TO BE PRESERVED (AND WILL BE SUBJECT TO THE AGE PHASE IN PROVISIONS OUTLINED ABOVE). AN EXEMPTION HAS NOT YET BEEN GIVEN FOR THE MSBS AND THE ADF IS CONTINUING TO SEEK RESOLUTION OF THIS MATTER. COUNSELLING.

8. THE IMPACT OF THE CHANGES OUTLINED ABOVE ON ADF MEMBERS WILL VARY ACCORDING TO INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY MEMBERS SHOULD SEEK PROFESSIONAL ADVICE ABOUT THEIR SUPERANNUATION ENTITLEMENTS BEFORE MAKING ANY DECISIONS THAT MAY AFFECT THEM. FURTHER INFORMATION ON INDIVIDUAL ENTITLEMENTS MAY BE OBTAINED FROM COMSUPER, TELEPHONE (06) 2526336, (06) 2526444, OR (06) 2527047.

9. ADDRESSES ARE REQUESTED TO GIVE THIS MESSAGE WIDEST DISSEMINATION BT

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