

PENSION UPDATE

ISSUE NO. 9, JANUARY 2007

Policy news...

What do we mean by Child and Eligible Child?

The following information is applicable only to pensioners who are receiving a pension as a result of their membership in the Military Superannuation and Benefits Scheme (MSBS).

To help you understand who may be eligible to receive part of your pension when you die, we will discuss the terms *Child* and *Eligible Child* in this issue of *Pension Update*.

When it comes to determining whether a person will be considered a *Child* in relation to you and whether they may be eligible for part of a pension, there are certain criteria that must be met.

A *Child* in relation to a person who has died includes:

- a child of the pensioner;
- an adopted child;
- an ex-nuptial child;
- a step child;
- a foster child; or
- ward of the pensioner.

If the child is not a child of the deceased, but is however a child of



The Scheme Rules provide for a benefit to be paid to Eligible Children.

a spouse, including an ex-nuptial child, the child would need to have been wholly or substantially dependent on the former pensioner before death.

An *Eligible Child* is a child of the deceased pensioner who:

- Is under the age of 16; or

- Is between 16 and 25 years of age, studying on a full-time basis and is not employed full-time.

Documentation required to support a child's application for pension

Once MilitarySuper has been notified of the death of a pensioner, an application form will be sent.

An application for a child's pension must be accompanied by the child's full birth certificate, the child's bank account details (if the child handles his/her own financial affairs) and, if the child is between the age of 16 and 25, evidence of studying full-time. The signature of the Registrar (or Principal) and the school's stamp on the child's benefit application form are sufficient proof that the child is studying on a full-time basis.

For further information you can read the Death Benefits Fact Sheet on the MilitarySuper website under Publications.

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Managing your Super...

Payment Summaries

Following the July 2006 pension increase mail out many of you contacted us saying that you couldn't find your Group Certificate in the package we sent you. So we thought we will take this opportunity to address your concerns.

For sometime now Group Certificates have been called *Payment Summaries*. *Payment Summaries* show the amount of pension you received during the financial year and the amount of tax that was deducted from your pension. We issue *Payment Summaries* at the end of each financial year and include them in your July pension increase mail out package, always behind the pension increase advice letter. Please check your next July pension increase package carefully to ensure that your *Payment Summary* - not group certificate - is enclosed.

Calendars

Calendars are a very popular item of our pension increase package. So popular in fact, that we often receive requests from many of you for additional calendars for family members, neighbours or friends.

Your say...

Whats working?

At Pension News your feedback counts!

Your feedback ensures that we keep delivering a valuable service to our members and the only way we can do this is by listening to your opinions. If there are any

Although we will continue to include a calendar for you in each July pension increase package, unfortunately, we do not have sufficient supplies to accommodate additional requests. The calendar is available on the MilitarySuper website under Pensioner Services and can be downloaded by anyone who wishes to have one.

Your reference number

Your reference number and the superannuation scheme from which you receive your pension are shown on the enclosed pension increase advice letter. Please quote your reference number whenever you contact us. It helps us to quickly identify you and speeds up your enquiry.

We need seven days to change your bank details

We need seven calendar days notice before the pension payday to make a change to your bank account details. For example, if you changed your bank account and you wanted it to take effect on payday 18 January 2007, we would

need to receive your advice no later than 12 January 2007.

However, it is important that you don't close your existing account until your payments start going into your new bank account.

Keeping your address up-to-date

It is most important that we have your correct residential and postal address. If your pension mail is uncollected it is likely to be returned to us.

If two mail articles are returned to us we will try to find a new address for you but if we can't, we may stop your pension.

To avoid any disruptions to your regular pension payments, let us know if you change either your residential or postal address.

If you are planning to be away from home for an extended period of time, for example if you are going on an overseas holiday, it is also a good idea to make sure your mail will be secure in your absence. Let us know where you would like your mail to be sent to while you are away, so that it is not returned to us, or left unsecured.

superannuation or pension administration matters that you would like included in the next edition, or if you have any suggestions on how to make your newsletter more interesting, please let us know by writing to MilitarySuper, PO Box 22, Belconnen ACT 2616, or emailing pensions@enq.militarysuper.gov.au.

Managing your Super...

How the Consumer Price Index (CPI) is calculated

On the first payday in January and July each year, your pension is increased if there has been an upward movement in the Consumer Price Index (CPI) over the previous six months (either from March to September or September to March). The Australian Bureau of Statistics determines the CPI by surveying the costs of the following categories of goods and services: food, alcohol and tobacco, clothing and footwear, housing, household furnishings, supplies

and services, health, transportation, communication, recreation, education and miscellaneous items.

Once we know the CPI number, we do a calculation to see if your pension is due for an increase. If the new CPI number exceeds the highest of any previous March and September CPI numbers, we increase your superannuation benefit. The following shows how we do this calculation.

On 25 October 2006 the Australian Bureau of Statistics announced a CPI change of 2.5% for the March 2006 to September 2006 period. To arrive at that figure, the following calculation was made:

$$\frac{(\text{Sept. 2006 CPI number}) - (\text{March 2006 CPI number})}{(\text{March 2006 CPI number})} \times 100 = \text{CPI change (March to Sept. 2006)}$$
$$\frac{(155.7 - 151.9)}{151.9} \times 100 = 2.50164\%$$

= 2.5% (when rounded to the nearest tenth of one per cent)

Therefore, on payday 4 January 2007, your superannuation pension will be increased by 2.5%.

Your say...

Not satisfied with the service? Who to talk to

If you are unhappy with the service you receive from MilitarySuper and you have a comment, concern or complaint, we would like to know.

Initial enquiries and complaints should be directed to the Complaints Officer at ComSuper:

Post: PO Box 22
BELCONNEN ACT 2616

Phone: 1300 033 732

If you are not satisfied with the handling of your complaint, you may then contact the Superannuation Complaints Tribunal (SCT), except in relation to privacy matters. The SCT is an independent arbitrator set up by the Australian Government to assist in resolving members' complaints. You can lodge a complaint with the SCT if you are dissatisfied with ComSuper's response or if we cannot resolve your complaint within 90 days. The SCT can be contacted as follows:

Phone: 1300 780 808
Fax: 03 8635 5588
Post: Superannuation Complaints Tribunal
Locked Bag 3060 GPO
MELBOURNE VIC 3001

Every year we send out a survey to a random selection of members who receive *Pension News*, if you have been selected to participate in this year's survey you will need to complete the questionnaire by **31 January** and return in the enclosed Reply Paid envelope or contact ORIMA Research on 1800 806 950 (free call).

Tax changes...

Budget 2006 Update

What are these changes and how will they affect you?

The 2006–2007 Federal Budget, announced on 9 May 2006, a proposed plan to simplify and streamline the current tax arrangements that apply to superannuation pensions.

Following a period of consultation with the community, on 5 September 2006 the Government announced its intention to implement the proposed changes from 1 July 2007.

As you may appreciate, details of these proposed tax changes have yet to be finalised by the Government, and any

proposed changes will not take effect until passed through and approved by Parliament. Accordingly, the following information may be subject to change. Under the proposal:

If you are aged 60 years or over

The portion of your pension which is from a taxed source (that is, the funded productivity amount paid by your employer) will be tax free and will not be included in your taxable income. The employer financed portion (that is, the unfunded component paid from Consolidated Revenue) will continue to be included in your assessable income and it will be taxed at your Marginal Tax Rate (MTR). You will, however, be eligible for a 10% taxation offset which will be calculated on the total amount of your unfunded pension.

If you are under the age of 60

That portion of your pension which is from a taxed source (that is, the funded productivity amount paid by your employer) will continue to be included in assessable income and it will be taxed at your MTR.

If you are aged between 55 and 59

You will be entitled to a 15% offset on the funded portion of your pension. The employer financed portion (that is, the unfunded component paid from Consolidated Revenue) will continue to be included in your assessable income and it will be taxed at your MTR. Unlike payments for those aged 60 and over, you will not be eligible for the 10% taxation offset on the unfunded portion of your pension until you attain age 60.

How to contact us

Email:	If you are receiving a MilitarySuper pension please use the following email address to contact us: pensions@enq.militarysuper.gov.au
Phone:	You can dial 1300 001 877 from anywhere in Australia for the cost of a local call (mobile charges apply to mobile phones). We are available between 9.00 am and 5.00 pm Eastern Time Monday to Friday. Pensioners with a hearing impairment can use a special TTY facility: (02) 6272 9827
Fax:	Enquiries can be sent by fax to (02) 6272 9618
Postal address:	MilitarySuper, PO Box 22, Belconnen ACT 2616
Street address:	Unit 4 Cameron Offices, Chandler Street, Belconnen, ACT 2617
Web:	You can visit our website at www.militarysuper.gov.au

IT IS IMPORTANT YOU KNOW – THIS DOCUMENT CONTAINS GENERAL ADVICE OR INFORMATION ONLY
Any financial product advice in this document is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Therefore, before acting on any such general advice, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation or needs. You may wish to do so with or without the assistance of a licensed financial advisor.