

## WELCOME TO PENSION UPDATE FOR JULY 2005

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## 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 (from March to September and 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 (see below) 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 example shows how we do this calculation.

On 27 April 2005 the Australian Bureau of Statistics announced a CPI change of 1.4% for the September 2004 to March 2005 period. To arrive at that figure, the following calculation was made:

$$\frac{(\text{Mar 2005 CPI number}) - (\text{Sep 2004 CPI number})}{(\text{Sep 2004 CPI number})} \times 100 = \text{CPI change (Sep to Mar 2005)}$$

$$\frac{(147.5 - 145.4)}{145.4} \times 100 = 1.444\%$$

$$= 1.4\% \text{ (when rounded to the nearest tenth of one per cent)}$$

Thus, on payday 7 July 2005, your superannuation pension will be increased by 1.4%.

## SURCHARGE AND YOUR PENSION

### STOP PRESS

On 10 May, as part of its Budget 2005 initiatives, the Australian Government announced it would abolish superannuation surcharge payable on surchargeable contributions and relevant termination payments from 1 July 2005. The announcement was made as this publication went to print, and we will need to analyse what impact, if any, surcharge removal will have on pensions. We will let you know if it affects you, when the analysis is complete.

### What is surcharge?

The superannuation contributions tax, known as the surcharge, may be imposed on your surchargeable contributions if your adjusted taxable income exceeds the surcharge thresholds set out in the surcharge laws.

### What are the surcharge thresholds?

Surcharge is imposed when your adjusted taxable income (basically, the sum of your taxable income, reportable fringe benefits and surchargeable contributions) exceeds \$94 691 for 2003–04 and is \$99 710 for 2004–05. The maximum rate of surcharge was 14.5% for 2003–04 and was imposed when adjusted taxable income reached \$114 981. The maximum rate of 12.5% for 2004–05 is imposed when adjusted taxable income reaches \$121 075. The Australian Taxation Office (ATO) has not yet determined the thresholds for 2005–06, but the Government has already set the maximum rate at 10% for 2005–06 and subsequent years.

### What happens if surcharge is payable?

If you incur a surcharge liability the ATO will send an assessment to the MSBS Board and will also send you an advice which informs you of:

- the surchargeable contributions which have attracted surcharge for the financial year, and
- the amount of the surcharge payable for that year.

### What do I need to do if I receive a surcharge debt assessment after my benefit is paid?

If a surcharge assessment is received by the MSBS after your benefit has been paid, it will be referred back to the ATO who will contact you directly. If you have rolled over your funds to another superannuation provider, the ATO will re-issue the assessment to the new provider. If all your superannuation entitlements have been paid out, the assessment will be issued to you for payment directly to the ATO.

### Payment of surcharge debt from a pension

If you don't want to pay the ATO directly, you can have it taken from your pension. We can pay the surcharge assessment for you and then reduce your fortnightly pension by the amount that we have paid. We do this by converting the amount we have paid for you to an 'annual pension reduction amount', and reducing the pension by that amount each fortnight. To arrange for us to make the payment and the necessary pension reduction, you must send us the surcharge assessment you receive from the ATO and advise us in writing that you would like the debt to be deducted from your MSBS pension payments.

### 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 January and July each year, in accordance with any upward movement in the CPI.

### Need more information?

If you have any questions about your surcharge debt, see the ATO's website at: [www.ato.gov.au](http://www.ato.gov.au) or phone the ATO on 13 28 61 from 8am to 6pm weekdays. For further information about having your surcharge debt deducted from your pension payments phone us on 13 23 66.

## MAKING CHANGES TO YOUR TAXATION DETAILS

There may be instances when you need to contact the MSBS to let us know about changing your PAYG tax arrangements. Changes to tax **cannot** be made over the phone and require you to complete a form and advising us of the change in writing. For more information about varying the amount of tax taken from your pensions contact us on 13 23 66 or log on to your scheme's website.

## SENIOR AUSTRALIANS TAX OFFSET

### What is the senior Australians Tax offset?

The senior Australians tax offset allows eligible people to earn more income before they have to pay tax and the Medicare levy. If you are eligible, this tax offset means that you pay less tax. In some cases you may not have to lodge a tax return any more.

To be eligible for the senior Australians tax offset you must meet all four conditions:

- **condition 1**—age
- **condition 2**—eligibility for Australian Government age pension or similar payments
- **condition 3**—taxable income threshold, and
- **condition 4**—not in prison.

If you meet all four conditions, the amount of tax offset will vary depending on your taxable income and also your circumstances. You may also be able to transfer to yourself any unused portion of your spouse's tax offset to help reduce the amount of tax you have to pay.

To find out more about the senior Australians tax offset and the eligibility condition see the ATO's website at: [www.ato.gov.au](http://www.ato.gov.au) or phone the ATO on 13 28 61 from 8am to 6pm weekdays.

## HOW TO CLAIM A SPOUSE PENSION

Following the death of a pensioner, part of the pension may revert to the surviving spouse. To claim the spouse pension you must contact the MSBS. You may do this by phone or in writing.

We will need to know the deceased pensioner's full name, reference number, address, date of birth and date of death. We will also need to know your name as the surviving spouse, and the name, address and ages of any children under 16 and any children of the deceased aged between 16 and 25 in full-time education. You should also provide us with the name and contact details of the executor of the deceased's estate if there is one.

If you are calling on behalf of someone else, please provide your name and relationship to the deceased. It is best to contact us as soon as possible to avoid an overpayment of the pension.

We will then send a letter and application form to the spouse or to the family member assisting the spouse. The completed form, together with copies of the marriage certificate, death certificate if one is available, and children's full birth certificates if applicable should be returned to MSBS as soon as possible.

If the spouse making the claim and the deceased were not living together at the time of death, further documentation may also be required. We can provide information about this documentation.

Once all documentation has been assessed and eligibility has been established, our Pensions Administration team will process the application. We will send a letter which provides information about the pension including the amount to be paid, when it will be paid, and any arrears that are owing. We will also let you know if any overpayment has occurred.

For more information on claiming a spouse pension please contact MilitarySuper on 13 23 66.

## COMSUPER WALKS THE WALK FOR CHARITY

*What has 30 legs, 15 heads and can walk non-stop for 24 hours? It's the ComSuper Relay for Life team!*

A team from ComSuper recently took to the athletics track to 'walk the walk' in the fight against cancer, taking part in the 2005 Relay for Life. The Relay for Life is a 24-hour team event to raise money for the Cancer Council and this year took place on Friday 8 and Saturday 9 April at the AIS Athletics track in Canberra. The aim of the event is to raise much needed funds for cancer education, prevention and supportive care programs for our community. At the event, teams of 15 participants take turns to keep their baton 'in motion' on the track for the full 24 hours.

Not only did the staff at ComSuper have to go into training for the 24 hour walk, but before the event they were busy raising funds for the Cancer Council, contributing \$10 000 to the overall total of nearly \$100 000. On the day the ComSuper team clocked up 387 laps of the athletic track—that's around 160 kms! The money raised by the ComSuper team will go towards the ACT Cancer Council's research and care programs. Thank you to all sponsors who contributed to the event and to this worthy cause.



The ComSuper Superlatives before their marathon 24-hour walk in the 2005 Cancer Council Relay for Life

## SHARE YOUR EXPERIENCES

*In the last issue we asked for you to send us your stories. In this issue we hear from Col. (retired) D. J. Davies, who recounts one of his experiences during WW2.*

### **A lucky escape—Beaufighter in a mine field** **By Col. (retired) D. J. Davies**

In 1942 Darwin township was known as the 'Darwin Fortress'. It was protected by a formation of around 5,000 troops stationed in and around the township. Entry to Darwin was through a neck of land between salt water shallows to the north and an arm of Francis Bay on the south. This area was known as 'The Narrows', a name it still carries today. The Narrows contained the vital road and train routes and water supplies for the town. The land defence of Darwin was centred on holding The Narrows and protecting its essential supply routes. As a result, the area close to The Narrows was heavily mined.

I was working at HQ Fortress in December 1943 when suddenly there was extreme excitement in our HQ. A Bristol Beaufighter, a heavy fighter used for low level attacks on Japanese ships, returning from a mission over Timor, found that it could not reach its base some distance away. Instead the aircrew chose a piece of flat ground in The Narrows. They made a 'belly landing', skidding across the heavily mined land. Both aircrew climbed out unhurt and walked to the road, where to their surprise, they saw a sign bearing a skull and cross-bones. They could not believe their luck that they had skidded through a minefield without detonating one mine! The Fortress Commander was not so amused however.

I did not discover what became of the minefield, or the Beaufighter stuck in the middle of it because I was soon transferred south. But whatever the outcome I'm sure the Beaufighter pilots celebrated their lucky landing for some time to come.

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## Share your experiences

Let us know if you have a story of around 200 words that you'd like to tell about your time in the defence forces or since you retired, and that we can include in future issues of *Pension Update*. You can send your stories to [publications@comsuper.gov.au](mailto:publications@comsuper.gov.au) or to Pensioner Stories, Publications, ComSuper, PO Box 22, Belconnen ACT 2616.

## YOUR REFERENCE NUMBER

Your reference number and the superannuation scheme from which you receive your benefit 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.

## LATEST DATE TO MAKE CHANGES TO YOUR METHOD OF PAYMENT

We need seven 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 **21 July 2005**, you would need to tell us no later than **15 July 2005**. **But, whatever you do, don't close your existing account until your payments start going into your new account.**

## CHANGING YOUR ADDRESS

It is **most** important that we have your correct residential and postal address. Your pension will be suspended if two items of correspondence are returned as undeliverable. To avoid any disruptions to your regular payments, **let us know if you change your residential or postal address**. You can do this using any of the methods below.



Prior to publishing each issue of *Pension Update* we conduct a focus group to ensure the publication best meets your needs. Members of the focus group are drawn from the readership and discuss the newsletter, its stories and style, and any other publications or information accompanying the CPI increase. This process allows us to stay in touch with your needs and interests, and deliver the best possible service to support you in your retirement.

## HOW TO CONTACT US

**Email:** If you are receiving a pension from the MSBS, please use the following email address to contact us:

**military.pensioners@comsuper.gov.au**

**Phone:** 13 23 66

You can dial 13 23 66 from anywhere in Australia for the cost of a local call (mobile charges apply to mobile phones). We are available between 8.30 am and 5.00 pm Eastern Time Monday to Friday.

When you ring 13 23 66 you will be greeted with an introductory message that welcomes you to ComSuper. To be connected to an advisory officer, you will be asked to select from a menu of a number of choices. You need to PRESS 1 if you are receiving a pension or retirement pay from any scheme. You don't have to listen to the list of choices each time you ring. To shorten your call, just PRESS 1 as soon as the auto-attendant invites you to make your selection.

Retired members with a hearing impairment can use a special TTY facility:  
(02) 6272 9827

**Fax:** Enquiries can be sent by fax to (02) 6272 9811

**Postal address:** ComSuper, PO Box 22, Belconnen ACT 2616

**Street address:** ComSuper, Unit 4 Cameron Offices, Chandler Street, Belconnen

**Web:** [www.militarysuper.gov.au](http://www.militarysuper.gov.au)

**Note:** 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 adviser.