

YOU TALKED, WE LISTENED

Since the last issue of Pensioner News, we've been asking you whether we're giving you the information you want in the way you want it. Here's what you've told us.

You want things explained more clearly

You've told us that we use confusing terminology, with too many acronyms and too much jargon. This time around we've tried to write simply, explaining things in detail and avoiding terms such as 'reversionary'.

You want to know how the Consumer Price Index (CPI) is calculated

This year we've included an article, 'How is the CPI calculated?' which gives you this information.

You want specific information about your benefit

This year, your CPI increase letter clearly sets out what your pension used to be, how much the increase is, what you'll be paid, what you'll be taxed and when your increase will be paid.

You want to know about the relationship between your superannuation pension and Centrelink benefits.

This issue includes an article about whether you may be eligible for a Centrelink benefit.

You want clearer formatting, with easy-to-read typefaces and more differentiation between headings and text

We've redesigned the whole newsletter.

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 October 2004 the Australian Bureau of Statistics announced a CPI change of 0.9% for the March to September 2004 period. To arrive at that figure, the following calculation was made:

$$\frac{(\text{Sep 2004 CPI number}) - (\text{Mar 2004 CPI number})}{(\text{Mar 2004 CPI number})} \times 100 = \text{CPI change (Sep to Mar 2004)}$$
$$\frac{(145.4 - 144.1)}{144.1} \times 100 = 0.90215\%$$
$$= 0.9\% \text{ (when rounded to the nearest tenth of one per cent)}$$

Thus, on payday 6 January 2005, your superannuation pension will be increased by 0.9%.

WHERE YOUR PENSION GOES WHEN YOU DIE

A number of pensioners have asked that we explain what happens with their benefit when they die.

If you are receiving a pension in your own right, the most important point to remember is that you cannot determine by way of your Will or advice to ComSuper who will get any ongoing pension payments when you die. The MilitarySuper legislation states who is entitled to a spouse or child's pension if a pensioner dies. If someone (or a number of people) satisfies the definitions the benefit will be paid to that person or people.

Generally eligible spouses would receive two-thirds of the pension with eligible children each receiving 11% and orphans a higher amount.

If you get a spouse's pension because of the death of a member or pensioner, this pension stops when you die unless you have any eligible children. Therefore, the information below will not apply to you.

Eligible Spouse

When we determine whether a spouse is eligible for a pension, de facto spouses are generally viewed the same way as legal spouses. The test applied is whether or not the person had a 'marital relationship' with a pensioner at the time they died.

To be eligible, the spouse would have lived with a pensioner as their husband or wife on a permanent and bona fide domestic basis at the time the pensioner died and for a specified time. The use of the words 'husband' and 'wife' in the legislation mean that same sex partners cannot be eligible spouses.

If the **marital relationship started when the pensioner was 60 or older**, the spouse will only get a benefit if the couple lived together continuously for five years before the pensioner died. There are no exceptions to this rule.

Where a **relationship started before the pension became payable or before the pensioner turned 60**, the couple must have lived together continuously for at least three years for a spouse's pension to be payable. The MSBS Board may grant a spouse's pension even though the couple had



Pensioners discuss the CPI mail out package during a focus group at ComSuper

not lived together for three years if it considers that a permanent and bona fide domestic relationship existed. Evidence that may convince the Board includes the joint purchase of the home where the couple lived, a legal marriage between the couple, the birth or adoption of a child or the whole or substantial financial dependency of the remaining partner on the pensioner.

Sometimes spouse's benefits will be approved even though the couple were not living together when the pensioner died. This might happen if they are separated because one person is ill and has been admitted to a hospital or nursing home, or if one person is temporarily absent because of work or recreation.

Where a couple **are separated but remain legally married**, the spouse may be able to claim a benefit if they are still wholly or substantially dependant on the pensioner (for example, if spousal maintenance is being paid or if the pensioner is still paying part of a mortgage). If the pensioner has entered a de facto relationship since the separation, the pension would then be shared in proportions determined by the Board.

Eligible Child

A child includes an adopted, ex-nuptial or foster child, a ward or a stepchild of the pensioner. A child of an eligible spouse (but not of the pensioner) would also be included in the definition of a child if they were wholly or substantially dependant on the pensioner. To be eligible for a benefit, the child must be under 16, or between the ages of 16 and 25, a full-time student and not employed.

No Eligible Spouse or Child

Where there is no eligible spouse or child the pension stops when the pensioner dies. In very limited circumstances there may be some residual value payable to the estate.

COMSUPER AND YOUR PENSION

ComSuper provides superannuation administration services to the Trustees responsible for the MilitarySuper (MSBS) scheme.

While ComSuper doesn't determine any of the policy that applies to your pension (such as when and how it is increased), we play an important role in administering your fortnightly payments. The Pensions Administration Section (PAS) at ComSuper looks after your pension and can help you make sense of your superannuation. We can give you information regarding your fortnightly payments, tax and about benefits that are passed on to your spouse or children. We also look after any changes to your bank account details or address information, issue payment summaries and assess spouse and child applications.

CENTRELINK BENEFITS

Depending on your circumstances, you may also be entitled to receive a benefit, such as the Age Pension, from Centrelink. To be eligible for some part of the Age Pension, men must be at least 65 years old and women at least 62 years. You must pass both the income test and the assets test. These change frequently, but you can use the information below as a guide.

Centrelink pension rates

A full Age Pension is now \$786 per fortnight combined income for a married couple and \$470.70 per fortnight for a single person. Pensioners with dependent children or paying private rent may be eligible for more.

The following information comes from the Centrelink web site. Rates and tests change regularly, so do not rely on the information here. If you think you may have a Centrelink entitlement, you should get in touch with your local Centrelink office or see the web site www.centrelink.gov.au

Income test

A married couple can have a combined income of up to \$216 per fortnight and receive full pension. You may be entitled to a part pension if your combined income is under \$2 195.50 per fortnight.

A single person can have income of \$122 per fortnight and receive a full pension. You may be entitled to a part pension if your income is less than \$1 313.25 per fortnight.

Assets test

A married, home-owning couple can have total assets of up to \$217 500 and receive the full pension. They may still be entitled to a part pension if their assets total less than \$481 500.

A single homeowner can have assets of \$153 000 and receive the full pension. He or she may still be entitled to a part pension if assets total less than \$312 000.

The assets test does **not** include the family home.

Your pension will be calculated using both the income and asset tests. The pension you receive will be the lower of the two rates resulting from the two tests.

Other benefits

If you're getting a Centrelink pension you might be able to get a range of concessions, including medical and pharmaceutical concessions, free hearing aids, free basic dental treatment at public dental clinics, and a telephone allowance.

It also provides State concessions such as cheaper rates, electricity and gas, car registration and bus/rail fares. Many businesses, hairdressers, clubs and other organisations also provide concessions and discounts for age pensioners.

Even if you don't qualify for the age pension, you may still get assistance from Centrelink. The Seniors Health Card is available to people of Age Pension age, or Service Pension age if you're a veteran, and entitles you to cheaper prescriptions. To qualify for a Seniors Health Card, your income must be less than \$50 000 for a single, \$80 000 for couples, or \$100 000 for couples separated due to ill health. Your local Centrelink office can provide more details.

You may also be eligible for a benefit from the Department of Veterans' Affairs. For more information, visit www.dva.gov.au/pensions/mainpe.htm or call 133 254.

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 ComSuper. 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 working 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 20 January 2005, you would need to tell us no later than 14 January 2005.

But, whatever you do, don't close your existing account until your payments start going into your new account.

SHARE YOUR EXPERIENCES

In future editions of Pensioner News, and on www.militarysuper.gov.au, we hope to feature profiles of pensioners. If you have a story of around 200 words that you'd like to tell about your time in the armed forces or since you retired, send it to pensioner.stories@comsuper.gov.au or to Pensioner Stories, Publications, ComSuper, PO Box 22, Belconnen ACT 2616.

CHANGING YOUR ADDRESS

It is most important that we have your correct residential and postal address. Your superannuation 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.

HOW TO CONTACT US

Email 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 9:00 am and 5:00 pm Eastern Time Monday to Friday.

When you ring 13 23 66 you are greeted with an introductory message that welcomes you to ComSuper. To be connected to an advisory officer you are asked to select from a menu of three choices:

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, **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 your enquiry to (02) 6272 9811

Post ComSuper, PO Box 22, Belconnen ACT 2616

Web Log on to your scheme's website: www.militarysuper.gov.au

In person ComSuper, Unit 4 Cameron Offices, Chandler St, Belconnen ACT 2617

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.