

Pensioner News

Issue 3 January 2004



The Commissioner for Superannuation, Leo Bator, with the Minister for Finance and Administration, Senator the Hon. Nick Minchin, at the official opening of ComSuper's new premises, 18 June 2003

Pro-rata CPI calculation

If you have been receiving your superannuation pension for less than 6 months, your increase will be proportionate. For example, if you have received your pension for 3 months, you will get half the full adjustment in the next increase.

If your pension commenced on or before the 16th of the month, you will receive a CPI increase for that month. If your pension commenced after the 16th of the month, you will not receive the CPI for that month.

Pro-rata of the CPI does not apply to the payment of reversionary pensions, i.e. spouse and student pensions receive the full CPI increase.

How the CPI is applied to your pension

CSS Pensioners and Spouses

If you were a CSS member who purchased additional pension with your contributions and interest when you left employment, this additional pension will not be subject to a CPI increase. Your additional pension remains fixed at the original amount, as does any additional pension a spouse may be receiving.

The same rule applies to all children/student benefits that have an additional pension component.

DFRDB Pensioners and Spouses

If you are a DFRDB pensioner or a spouse of a former DFRDB Scheme member who commuted a portion of his or her retirement pay on retirement, your pension is not fully increased by the CPI. Rather, indexation is applied to certain components of that pension. Under the Scheme legislation, the pension increase calculation on your pension is performed on the lower of the notional (being the rate arrived at by commuting a factor of 4) or the actual amounts and the resultant increase in pension is then added to the notional, the actual and the uncommuted amounts (the uncommuted amount being the rate used to calculate your spouse's pension).

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Things you need to know

Consumer Price Index (CPI)

How the 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 6 months (from March to September and September to March).

On 22 October 2003 the Australian Bureau of Statistics announced a CPI change of 0.6% for the March to September 2003 period. To arrive at that figure, the following calculation was made:

$$\frac{(\text{Sep 2003 CPI number}) - (\text{Mar 2003 CPI number})}{(\text{Mar 2003 CPI number})}$$

$$\times 100 = \text{CPI change (Sep to Mar 2003)}$$

$$\frac{(142.1 - 141.3)}{141.3} \times 100 = 0.5661712\%$$

$$= 0.6\% \text{ (when rounded to the nearest tenth of one per cent)}$$

Thus, on payday 8 January 2004, your superannuation pension will be increased by 0.6%.

Any enquiries concerning the determination of the CPI rates should be directed to the Australian Bureau of Statistics (see www.abs.gov.au).

The following example shows the calculation for pensioners and spouses of the DFRDB Scheme:

Notional component of pension
 $\$685.01 \times 0.6\% = \4.11

Pensioner/Spouse rate of pension
 $\$725.19 + \$4.11 = \$729.30$

The same rule applies to child and student benefits paid under the DFRDB Scheme.

For information concerning the components that make up your pension, please contact ComSuper.

MSBS and PSS Pensioners and Spouses

MSBS and PSS Scheme pensioners, spouses and children receive CPI increases based on all the components of their pension.

Spouse eligibility requirements

You should read this if you are a CSS or PSS Scheme pensioner and you commenced a marital relationship including de facto after retiring and after reaching age 60.

The Australian Government has introduced changes to the CSS and PSS Schemes effective 1 July 2003.

One of these amendments changed the criteria for reversionary benefits.

Previously, if a CSS or PSS Scheme pensioner over age 60 entered into a marital relationship, the relationship would have had to exist for a continuous period of five years before there could be an entitlement to a spouse pension on the death of the pensioner.

The new legislation effective from 1 July 2003 reduces this requirement to three years and introduces a pro-rata reversionary pension where a marital relationship has existed for less than three years at the time of the pensioner's death.

How does this affect your pension?

This change does not affect your pension. However it may affect the amount of a spouse pension payable in the event of your death.

Under the new arrangements, provided that a marital relationship has been in existence for three years prior to the date of death, a full spouse benefit may be payable.

In cases where the marital relationship has existed for less than three years, under the changes an eligible spouse will receive a

proportion of a full spouse pension. For example, where a marital relationship existed for one year prior to the pensioner's death, the spouse may be entitled to receive one-third of the full spouse pension.

Providing information about your pension to other agencies

ComSuper is required by law to provide details of your superannuation pension to Centrelink and the Department of Veterans' Affairs after each six-monthly indexation. ComSuper also provides information on all pension payments to the Australian Taxation Office at the end of each financial year.

Pensioner services online

As advised in the previous issue of *Pensioner News*, ComSuper has introduced a secure online facility for pensioners to access details about their pension. You will be able to change your contact details, i.e. address, email and telephone number.

This online service is being introduced to allow pensioners with Internet facilities automatic access to their pension record. It is an optional extra service for all pensioners.

If you have already applied for an online access number by completing the form we had enclosed, it will be issued shortly, together with more information on how to access the online service.

If you have not applied for an online access number and wish to access this facility, you can obtain a form from your scheme website or by contacting us using one of the other ways outlined on the back page of this newsletter.

Annual student review

ComSuper conducts an annual review to ensure that all students receiving a pension are continuing full-time study.

A student review form for students over the age of 16 is sent out before the start of a new school year. This form needs to be completed and returned to ComSuper before the first payday in March to ensure the continuation of the student pension. If this form is not received the student pension will be ceased.

If you do not receive a student review form by mid-February, please contact ComSuper.

It is also important for those students over the age of 16 to provide ComSuper with their Tax File

Number. If you fail to do so your pension may be taxed at the top marginal rate (48.5%). Once you turn 25 your student pension will automatically cease even if you are still a full-time student.

Taxation

If you wish to make changes to your current taxation arrangements, you will need to complete a Withholding Declaration Form or advise ComSuper in writing. This form is available from ComSuper or the Australian Taxation Office (ATO).

Fortnightly tax deduction and tax offset

In the previous issue of *Pensioner News* we told you about the fortnightly tax deductible amount and tax offset. We also mentioned that ComSuper is now able to take into account these tax concessions each fortnight when making your pension payment. The effect of this change is to give you the benefit of the tax concession(s) each fortnight rather than you having to wait until the end of the financial year.

You should be aware, however, that claiming taxation concessions on a fortnightly basis does not entitle you to claim them again when you submit your tax return at the end of the financial year. However, these taxation concessions should be included in your tax return to support the lower tax payments during the year.

Clarification

In the previous issue of *Pensioner News*, part of the information contained in the article 'Providing further benefits for seniors' may have confused some of our readers. The information provided only affects couples who are eligible for the Senior Australians tax offset. The article stated that the Senior Australians tax offset would apply where a couple had taxable income up to \$33 612. The article should have stated that seniors who are married or in a de facto relationship will pay no tax where the taxable income does not exceed \$16 806 for each member of the couple.

Pension deduction survey

In the previous issue of *Pensioner News* we advised that ComSuper was examining the feasibility of providing a deduction service for fortnightly pension payments, e.g. for health insurance. As part of the study, a cost-benefit analysis was produced to identify the total level of benefits and costs that could be derived from the pension deduction facility.

It was established that the costs involved would be prohibitive. Consequently ComSuper is not in the position to proceed with implementing a deduction service.

CSS/PSS invalidity pensioners rejoining the workforce

CSS invalidity pensioners

The CSS Board has the power to require an invalidity pensioner to undergo medical assessment with a view to re-employment in the Australian Public Service (APS). However, ComSuper would not normally initiate such a review unless there was a strong likelihood of the pensioner being found fit to resume APS employment and a position being available with the pensioner's former employer. It is therefore suggested that if an invalidity pensioner wishes to resume work in the APS and is able to provide comprehensive medical evidence supporting re-employment he/she should initially contact his/her former employer to establish whether he/she can be placed in a suitable position. ComSuper would then be in a position to commence review action, which would include an assessment through Health Services Australia.

PSS invalidity pensioners

The PSS Board does not have the power to medically review invalidity pensioners.

Cancellation of pension

If a CSS or PSS pensioner is permanently reappointed to the APS, his/her invalidity pension is cancelled. On reaching normal retirement age, benefits based on current salary, age and length of service (prior service included) would become payable. An invalidity pension would only again become payable if the person's health deteriorated to the extent that he/she became totally and permanently incapacitated and an invalidity retirement certificate was issued by the Board.

Reduction of pension

If a CSS/PSS invalidity pensioner begins employment in the private sector or state/local government, his/her pension will be reduced or suspended if he/she receives income above certain levels. An invalidity pensioner who is in receipt of earnings must advise ComSuper in writing of an estimate of earnings for the next twelve months. On cessation of employment, the pension will be restored.

How to contact us:

Call us on 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 (apart from 2:00 pm to 3:00 pm on the Thursdays alternate to pension payday).

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

PRESS 2—if you are a contributor or have a preserved benefit in the DFRDB or MSBS

PRESS 3—if you are a contributor or have a preserved benefit in the PSS or CSS

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**

Email us

If you are receiving a pension from the 1922 Scheme, PSS, CSS or Papua New Guinea Superannuation Scheme please use the following email address to contact us:

commonwealth.pensioners@comsuper.gov.au

If you are receiving a pension from the DFRB, DFRDB or MSBS please use the following email address to contact us:

military.pensioners@comsuper.gov.au

Fax your enquiry to **(02) 6272 9811**

Write to ComSuper, PO Box 22, Belconnen ACT 2616

Log on to your scheme's website:

www.pss.gov.au

www.css.gov.au

www.dfrdb.gov.au

www.militarysuper.gov.au

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