



Australian Government

Commonwealth Superannuation Corporation

30 May 2017

Senator the Hon. Chris Back  
Committee Chair  
Foreign Affairs, Defence and Trade Committee  
Department of the Senate  
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Dear Senator Back

### **Inquiry into the Veterans' Affairs Legislation Amendment (Omnibus) Bill 2017**

On Friday, when I appeared before the Committee there was some discussion regarding access to exit benefits under the Military Superannuation & Benefits Scheme (MilitarySuper) and the Defence Force Retirement & Death Benefits (DFRDB) Scheme for members of the ADF. I undertook to provide some further information. There are a number of options, depending on a member's age and circumstances. I have attached copies of the fact sheets which Commonwealth Superannuation Corporation (CSC) makes available to members of the ADF, for the assistance of the Committee.

### **Reclassification of invalidity levels**

The Committee also asked about whether invalidity levels could be re-classified. I have attached some information which clarifies the classification process and the circumstances in which re-classification may occur.

Your Government Super at Work

CSC  
AFSL 238069  
RSE 10001397  
ABN 48 882 817 243

CSS  
RSE R1004649  
ABN 19 415 276 361

MSBS  
RSE R1000366  
ABN 50 925 523 120

PSS  
RSE R1004595  
ABN 74 172 177 893

PSAp  
RSE R1004601  
ABN 65 127 917 725

1922  
Scheme

DFRB  
Scheme

DFRDB  
Scheme

PNG  
Scheme

DFSPB

## Recommendation from Ombudsman regarding debt recovery

CSC was not involved in the Ombudsman's inquiry but we are aware that debts can arise because of the inter-relationship between CSC and DVA payments, and tax legislation. To address these issues, CSC has agreed with DVA to flag when CSC is paying a person. This initiates a process within DVA to consider if DVA has an interest in any of the funds CSC is about to release. DVA entitlements are means tested, CSC pensions are not.

CSC supports any streamlining of this process that may assist with debts not being incurred in the first place.

I hope that this information is of assistance to the Committee. Please don't hesitate to contact Bronwyn McNaughton if there is any further information or assistance that we can provide.

~~Yours~~-sincerely

Peter Carrigy-Ryan  
Chief Executive Officer

## INVALIDITY RE-CLASSIFICATIONS

### *MilitarySuper Trust Deed provisions*

#### **Classification in respect of incapacity**

22. (1) Where a member is retired on the ground of invalidity, CSC or the Committee must determine the percentage of incapacity in relation to civil employment of the invalidity retiree and must classify the retiree according to the percentage of incapacity as follows:

| Percentage of Incapacity      | Class |
|-------------------------------|-------|
| 60% or more                   | A     |
| 30% or more but less than 60% | B     |
| Less than 30%                 | C     |

(2) In determining, for the purposes of subrule (1), the percentage of incapacity in relation to civil employment of an invalidity retiree, CSC or the Committee must have regard to the following matters only:

- (a) the vocational, trade and professional skills, qualifications and experience of the retiree;
- (b) the kinds of civil employment which a person with the skills, qualifications and experience referred to in paragraph (a) might reasonably undertake;
- (c) the degree to which the physical or mental impairment of the retiree that is the cause of the invalidity by reason of which he or she has been retired has diminished his or her capacity to undertake the kinds of civil employment referred to in paragraph (b).

(3) The death of a person after he or she has been retired on the ground of invalidity does not prevent the classifying of the person under subrule (1).

(4) This rule does not apply to a person who, by reason of rule 31, 32 or 33, is not entitled to invalidity benefits.

#### **Re-classification**

Class A and B classifications may both be reclassified upon request or at any time CSC is satisfied that there has been a change. Once a member of the DFRDB or MSBS has attained the age of 55 (age 60 for ADF Cover) they will no longer be downgraded. However a classification may be reviewed if member initiated to seek upgrade up to the age of 65

<https://www.legislation.gov.au/Details/C2012C00549>

<https://www.legislation.gov.au/Details/C2015A00118>



Reclassification does not apply to a person who is classified Class C: refer to DFRDB section 34, MSBS Rule 22 (8A), ADF Cover 18 (4). Further, ADF Cover compels CSC to undertake a mandatory determination 18-36 months after the initial decision (reclassification decision).

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If a member does not agree with a Class C determination after a period they may request reconsideration. If this occurs they need to demonstrate special circumstances as to why they did not appeal the initial decision within the prescribed 30 day time limit and then Rule 22 may be set aside and a new determination made.

