

## Appendix 3

### Comparison of death and ill-health benefits from the PCSS and AGEST

Details of the death and invalidity arrangements for the PCSS are provided at Attachment A, and those for AGEST are at Attachment B.

The following table summarises the general features of the two arrangements.

**Summary Table - Death and Ill-Health Benefits from the PCSS and AGEST**

	PCSS	AGEST
<b>Commencement of cover</b>	Cover starts on day the MP becomes entitled to parliamentary salary.	Subject to certain conditions, automatic cover commences when an employer contribution is received.  Member is able to opt out of automatic cover. Also cover is not available for those over age 70.
<b>Benefits</b>	<b>Death</b>  A pension is payable to an eligible partner equal to five sixths of the rate of pension that the deceased member was being paid or is deemed to have been payable.	<b>Death</b>  Amount in the member's superannuation account plus death cover, if any.
	<b>Invalidity</b>  Applies where the Parliamentary Retiring Allowances Trust is satisfied that the MP is unlikely, because of physical or mental impairment, ever to be able to perform the duties of an MP again.  <i><u>At least 8 years service or 3 terms<sup>1</sup></u></i>	<b>Invalidity</b>  Applies where the MP is totally and permanently disabled (TPD) within the terms of the insurance policy (see page 18 of attached document).

	<p>Pension equal to the retirement pension that the member would be entitled to. The minimum pension would be 50% of backbench salary.</p> <p><u>Less than 8 years service or 3 terms<sup>1</sup></u></p> <p>60% or more incapacity - pension of 50% of backbench salary.</p> <p>30% to 60% incapacity – pension of 30% of backbench salary.</p> <p>Less than 30% incapacity - lump sum equal to three and one third times the member's contributions.</p> <p><sup>1</sup> A term occurs on the dissolution or expiration of the relevant house or the expiration of the MP's term of office. Senators, who are elected for six years, achieve a term after completing three years and another term at the completion of the six years.</p>	<p>The TPD benefit comprises the amount in the member's account plus any TPD Cover.</p> <p>TPD Cover is available either as:</p> <ul style="list-style-type: none"> <li>– <u>unit based cover</u>, where the level of cover decreases with age for the same level of premium; or</li> <li>– <u>fixed cover</u>, where the cost of obtaining the same level of cover increases with age.</li> </ul>
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## ATTACHMENT A

### *Death and invalidity arrangements in respect of PCSS members*

For the PCSS, the relevant provisions relating to invalidity and death benefits are contained in Part V of the *Parliamentary Contributory Superannuation Act 1948*.

#### *Invalidity Retirement Benefits under the PCSS*

Members of the PCSS are entitled to an invalidity benefit if the Parliamentary Retiring Allowances Trust is satisfied that the MP is unlikely, because of physical or mental impairment, ever to be able to perform the duties of an MP again.

Where the member has completed at least eight years service or three terms he or she will be entitled to a pension. The pension is based on the service completed by the member with the minimum pension being equal to 50% of backbench salary.

Where the member has not completed sufficient service or terms, the form and value of the invalidity benefit will depend on the extent of the person's incapacity in relation to non-parliamentary employment.

The three classes of invalidity are:

- class 1 – 60 per cent to 100 per cent incapacity, with a benefit of a non-commutable pension of 50 per cent of backbench salary, which is subject to review;
- class 2 – 30 per cent to 59 per cent incapacity, with a benefit of a non-commutable pension of 30 per cent of backbench salary, which is subject to review; or
- class 3 – less than 30 percent incapacity, with a benefit of a lump sum of three and one third times the member's own contributions.

#### *Death benefits under the PCSS*

##### *Benefits payable to an eligible partner*

A reversionary pension is payable to an eligible partner of a member. The reversionary pension is equal to five sixths of the rate of the pension to which the member is being paid or would have been entitled to be paid.

If the member died while a MP and had not completed eight years service, he or she is deemed to have completed eight years service for the purpose of calculating the amount of the pension.

*Benefits payable to orphan children*

A reversionary pension is payable to any eligible children of a member who dies while a MP or is being paid a pension, provided the member is not survived by an eligible partner who is the natural or adoptive parent of the child and who is entitled to a reversionary pension.

To be eligible child, a child must be under 16, or under 25 if a full-time student, and have been dependent on the member, at the time of his or her death.

*Benefits payable to a personal representative*

In accordance with the formula specified in section 19AB of the *Parliamentary Contributory Superannuation Act 1948*, a lump sum may be payable to the personal representative of a deceased member who is not survived by an eligible partner or eligible child.

## **ATTACHMENT B**

### ***Death and Invalidity Benefits for MPs who are AGEST members***

AGEST is the default fund for parliamentarians who entered Parliament on or after 9 October 2004.

For AGEST members the benefits payable on death or total and permanent disablement comprise the member's superannuation account balance plus any insurance cover that they have purchased.

Specific information on insurance cover available for members of AGEST can be found at pages 15 to 24 of the AGEST Product Disclosure Statement dated 1 January 2009. The relevant pages are attached.

If a Parliamentarian chooses a fund other than AGEST, insurance will depend on the specific arrangements that are available within that scheme.

