Australian Government
Commonwealth Superannuation Corporation

ADFC01
11/20

Death benefits

What is in this factsheet?

- Death of a covered member
- Death of an Invalidity pensioner
- Student review process
- Conversion of pension to lump sum
- Who is a surviving spouse?
- What is a marital or couple relationship?
- Who is an eligible child?
- Indexation of pensions
- Death after exit from ADF
- What form should I complete?
- If you need more information

Death of a covered member

A benefit is payable following the death of a covered Australian Defence Force (ADF) member.

A covered ADF member is a person who is under age 60 and, a member of the permanent forces or a continuous full time reservist. The person may be either an ADF Super member; or would have been an ADF Super member except that the member has chosen an alternative fund for contributions from the ADF.

Death benefits are payable to:

- the surviving spouse;

or

- the eligible children, if there is no surviving spouse;

or

- beneficiaries under the member's Will who were nominated to Commonwealth Superannuation Corporation (CSC) and dependent on the member just before the member's death, if there is neither a surviving spouse nor dependent eligible children;

or

- the member's estate, if the benefit is not payable to anyone else.

Generally, the benefit is a lump sum of 25% of the amount the member would have earned if they had continued to serve in the ADF, at the salary payable at the time of his or her death, until turning 60.

However, if the lump sum would be paid to a surviving spouse of the member, the spouse can choose to convert it to a pension. If, after doing so, the spouse dies leaving one or more eligible children, a pension is payable to them.

CSC — ADF Cover
Australian Defence Force Cover

Death of an invalidity pensioner

Where the invalidity pensioner has a surviving spouse, a reversionary pension is payable to the surviving spouse. The annual rate of the reversionary pension is 67% of the invalidity pensioner's basic annual rate at the time of death.

Should there be eligible children that are wholly and substantially dependant on the spouse applicant; the annual rate of the reversionary pension for the spouse is increased by a Child Supplement percentage for those eligible children, as detailed below.

Number of eligible children dependant on spouse	Child Supplement percentage
1	17%
2	33%
3	50%

For example: A pensioner with a basic annual pension of $50,000 dies, leaving an eligible spouse and one eligible child. The total pension payable to the spouse and child will be calculated as follows:

$50,000 x 0.67 = $33,500 PLUS

$33,500 x 0.17 = $5,695 EQUALS

Total pension of $39,195

Adjustments may be made which affect the reversionary pension payable to a spouse where the invalidity pensioner is survived by more than one spouse or where the surviving spouse had only a short relationship with the individual.

If CSC are satisfied that the death of the invalidity pensioner was due to their retiring impairment or another condition caused by their retiring impairment, the invalidity pensioner will be deemed to have been classified as Class A and receiving a Class A invalidity pension when determining the benefit payable to any surviving spouse or eligible child.

If the invalidity pensioner dies and they are not survived by a spouse, a reversionary pension is payable for any eligible children.

Number of eligible children without an eligible spouse	Percentage rate
1	67%
2	117%
3	133%
4	150%

For example: A pensioner with a basic annual pension of $50,000 dies, leaving two eligible children but no spouse. The total pension payable to all the children will be calculated as follows:

$50,000 x 0.67 = $33,500

$33,500 x 1.17 = $39,195

Total pension for both children $39,195

Student review process

A child's pension is stopped when the child reaches 18 years of age. If he or she is a full–time student, the pension can continue. Before the pension is stopped, CSC will write to find out if the child is a full–time student and will send the parent or guardian the appropriate form to fill in.

The form has to be signed by the Principal or Registrar of the educational institution attended by the child.

An annual student review exercise is conducted for students aged between 18 and 25 years. In this case CSC sends out a form each year to the student. The form must be completed and returned or the benefit will be ceased.

Conversion of pension to lump sum

If the surviving spouse is under age 60 they may choose to convert the pension to a lump sum. If the pension amounts to less than $5,000 per annum, it will be automatically converted to a lump sum. The formula used to convert an annual pension value into a lump sum is as follows:

Annual rate of the pension X 16.5 = lump sum payable.

Who is a surviving spouse?

A surviving spouse is defined as:

- a person who had a marital or couple relationship with the invalid or member at the time of death;

or

- a person who previously had a marital or couple relationship and was still legally married to the invalid or member at the time of death;

and

- was wholly or substantially dependent upon the invalid or member at the time of death.

What is a marital or couple relationship?

A marital or couple relationship is defined as:

- ordinarily lived with the deceased on a permanent and bona fide domestic basis; for a continuous period of at least three years;

or

- less than three years but where CSC, having regard to the relevant evidence, is of the opinion that the person ordinarily lived with the deceased on a permanent and bona fide domestic basis.

Who is an eligible child?

A person is an eligible child if the person is a child of the deceased covered member or pensioner and the person is either:

- under 18 years of age;

or

- at least 18 but under 25 years of age and receiving full–time education.

A person is a child of the deceased covered member or pensioner if the person:

- is a child or ex–nuptial child of the pensioner or member;

or

- was a step–child, an adopted child, a foster child or a ward of the pensioner or member when the pensioner or member died;

or

- is a child or ex–nuptial child of a surviving spouse of the pensioner or member and was wholly or substantially dependent upon the pensioner or member when the pensioner or member died.

Indexation of pensions

All pensions are indexed automatically twice yearly with effect from the first pension paydays in January and July. The adjustment is based on any upward movement in the Consumer Price Index (CPI) for the six months ending 31 March and 30 September each year. If the CPI rises, we increase pensions. If the CPI falls, the pension will remain the same.

Statements will be issued in January and July showing the new rate of pension.

Taxation information will be included in the PAYG Payment Summary issued in July.

Death after exit from ADF

A member who exits the ADF is no longer covered by ADF Cover (unless they are in receipt of an ADF Cover Invalidity Pension), as result; a death benefit is no longer payable. Applicants should seek information regarding preserved benefits which may be payable from ADF Super or the member's nominated superannuation fund.

What form should I complete?

If you are a surviving spouse of an ADF Cover member, please complete the **ADF Cover Spouse and/or child of a deceased member benefit application form – ADFC–DM–P1.**

To claim benefits to an eligible child, following the passing of a ADF Cover member, please complete the **ADF Cover Child of a deceased member benefit application form – ADFC–CDM.**

If you are the executor or administrator of a member's estate, please complete the **Estate or beneficiary of a deceased member benefit application form – ADFC90.**

If you are the surviving spouse of an ADF Cover invalidity pensioner, please complete the **ADF Cover Spouse of a deceased pensioner reversionary pension application – ADFC–SOP.**

To claim a reversionary pension for an eligible child, please complete the **ADF Cover Child of a deceased pensioner reversionary pension application – ADFC–COP.**

How can I get more information

For information on taxation matters, please read the **Tax and your ADF Cover benefit** factsheet.

Before making any financial decisions, please visit **csc.gov.au** and consider seeking advice from a licensed professional such as a financial planner.

If you require financial advice, CSC's authorised financial planners provide a personal financial advice service. It is a 'fee for service' advice, which means you receive a fixed quote upfront. There are no obligations, commissions or hidden fees.

To make an initial advice appointment with a financial planner please call **1300 001 977** during business hours. If you wish to find out more please visit **csc.gov.au**

EMAIL members@adfcover.gov.au

PHONE 1300 001 977

FAX 02 6275 7010

MAIL ADF Cover
GPO Box 2252
Canberra ACT 2601

WEB csc.gov.au