



About to leave the ADF?

Introduction

This leaflet tells you how to apply for a superannuation benefit when you leave the Australian Defence Force (ADF). It also gives you some information on other important matters, including the way your pension or lump sum is paid, the annual adjustment of your pension and how to roll over a lump sum. It does not, however, explain the way your entitlement is calculated.

You can find out more about your superannuation entitlement by reading the **MilitarySuper Product Disclosure Statement (PDS)**. You can get a copy from your Pay Office, you can download it from the CSC website csc.gov.au or you can obtain one by telephoning **1300 006 727**.

Some of the information contained in this leaflet may change, so you should always check to ensure that you have current information by contacting the appropriate organisation.

Transition Seminars

CSC member educators regularly give superannuation presentations at Defence Transition Seminars. These presentations cover a variety of superannuation related subjects of interest to Service personnel who may be about to leave the ADF, including information about the benefit options available, the calculation of benefits and how tax will affect your benefit.

If you would like to find out more about Transition Seminars, or you would like to arrange to attend one, you should visit defence.gov.au/adf-members-families/transition

Member Consultations

If you wish, you can arrange for a one-on-one consultation to discuss your MilitarySuper benefits with a member educator. This may be in the company of your spouse or partner, if desired. You can book a consultation by completing consult request form on www.csc.gov.au/Members/Advice-and-resources/Webinars-and-seminars/ADF-Member-Consultations.

A consultation of this type usually covers an explanation of how benefits are calculated, taxation of benefits and any further information about the scheme you may be interested in. Assistance in completing benefit applications or explaining the invalidity process is also offered.

Please note that personal financial advice or recommendations cannot be provided.

Member consultations are normally provided on a Base or Unit in conjunction with group Transition Seminars. Transition Seminar dates and locations are published on the Defence and CSC websites.

Need more information before your transition to civilian life?

If you need information about any aspect of your MilitarySuper membership or your entitlements before you leave the ADF, you can call us on **1300 006 727**.



Military
Superannuation &
Benefits Scheme

Webinars and seminars

CSC offers in-person presentations as well as live and recorded webinars so you can learn how to manage and maximise your super. Topics include strategies to grow your super, scheme rules, retirement options and tax. You can register or watch a recording at www.csc.gov.au/Members/Advice-and-resources/Webinars-and-seminars

How to apply for a benefit

First, obtain a benefit application form from your Pay Office or the CSC website [csc.gov.au /Members/Advice-and-resources/Forms](http://csc.gov.au/Members/Advice-and-resources/Forms). There are different forms to cater for different types of exit and each of them gives information on the range of benefit choices open to you.

You should read through all the important notes in the relevant benefit application form. CSC also have a range of factsheets that can provide further information regarding your benefit and benefit options. Then, carefully complete the form and forward it for processing to MilitarySuper at the address provided on the form.

The forms relating to the various types of exit are as follows:

Retirement

If you are leaving the ADF (for reasons other than invalidity or retrenchment) on or after reaching statutory retiring age for rank, or turning 55, you must complete the benefit application form **Application for Retirement Benefits (M20)**.

Invalidity retirement

If you are transitioning on medical grounds, you must complete the form **Application for Invalidity Benefits (M40)**.

Involuntary retirement (retrenchment)

If you are being retrenched you should complete the benefit application form **Application for Benefits on Retrenchment (M10)**. You may complete this form up to three months before, but no later than three months after, your transition. This is particularly important to note if you want a pension, because your benefit will be automatically preserved if an election is not received within three months of your transition.

Resignation

If you are leaving the ADF (for reasons other than invalidity or retrenchment) before your statutory retirement age or before you turn 55, you should complete benefit application form **Application for Resignation Benefits (M1)**.

When can I lodge the forms?

While we cannot process the payment of your benefit until after your transition date, you may submit your application to us up to three months before this date. This will allow us enough time to make sure all the necessary documentation and information has been provided well ahead of your transition. However, you should take care not to make a decision without considering all your options.

Your pension will generally commence on the first available pension payday after your transition date or the date that we receive all your correctly completed documentation, whichever date is later.

Ensuring that you have completed the paperwork correctly will help to lessen the likelihood of delays.

Some points to note

Preservation and MilitarySuper

If you cease contributing to MilitarySuper, your benefit must generally be preserved in MilitarySuper, or rolled over and preserved in another superannuation fund, until you have met a condition of release under the *Superannuation Industry (Supervision) Act 1993* (the SIS Act) and you are entitled to take your benefit under the scheme rules.

Some conditions of release and fund rules restrict the form and amount of a benefit that can be paid – for example, from age 55 you have the option of taking the employer component of your MilitarySuper benefit as a pension only. These restrictions also apply to rollovers to other super funds. For more detail, please refer to our Rolling out your benefit factsheet.

The amount of any member benefit you accrued prior to 1 July 1999 is not preserved and is available to you at any time you leave the ADF.

What are conditions of release?

Conditions of release are the conditions that must be met before a person can cash their preserved or restricted superannuation benefits. The most common conditions of release are that the member:

- has reached their preservation age and has permanently retired from the workforce
- has ceased an employment arrangement on or after the age of 60
- is 65 years of age (even if they haven't retired)
- has died.

What is my preservation age?

A number of common conditions of release (including retirement) require that you have reached your preservation age before you can take your super. Your preservation age will depend on your date of birth as shown in the table below.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960—30 June 1961	56
1 July 1961—30 June 1962	57
1 July 1962—30 June 1963	58
1 July 1963—30 June 1964	59
After 30 June 1964	60

Preservation application forms

You can make an election to preserve using the benefit application form appropriate to your transition from the ADF.

Superannuation surcharge

A superannuation surcharge is payable by members whose adjusted taxable income (taxable income plus the value of employer contributions to their superannuation) exceeded certain levels before 1 July 2005.

Also, members who had declined to provide their Tax File Number (TFN) for superannuation purposes may have had surcharge assessed.

If you had a surcharge debt advised to you for a previous year or years, by either the ATO or MilitarySuper, and you have not paid off the debt, this debt will be actioned as per your benefit application.

If the ATO advises you of a surcharge liability after the date you take your benefit, you need to pay the debt direct to the ATO.

Tax

If you are taking some, or all, of your benefit as a pension, you should also complete a **Tax File Number Declaration** form if you have not already provided your Tax File Number to MilitarySuper.

This form enables you to claim the tax-free threshold plus any other relevant taxation offsets. If you do not send in one of these forms, MilitarySuper is required to deduct tax from your benefit at the highest marginal rate. The form is available from the Australian Taxation Office (ATO) but your Pay Office may also have copies. If you are receiving a full lump sum benefit, you need only insert your Tax File Number (TFN) on your benefit application form.

If you think you might be exempt from paying the Medicare Levy after your transition, you must complete a **Medicare Levy Variation Declaration**. The exemption generally applies only to members who will have most of their medical expenses paid by the Department of Veterans' Affairs (DVA) or under Commonwealth or Defence Compensation provisions. The Declaration gives more detailed information about who is eligible for an exemption, and provides instructions for its completion.

Arrangements for the payment of pensions

How is my pension paid?

If you choose to take some of your benefit as a pension, it will be paid to you on Thursdays alternate to those on which Defence Force salaries are paid. It will be paid by direct credit into your account with a bank, building society or credit union. The account may be in your name only, or it may be held jointly with another person.

Fortnightly payslips are not issued.

Scheme members residing overseas

Pensions cannot be paid directly to an overseas address or financial institution. If you intend living overseas after you retire, you must make arrangements with your financial institution to have your pension paid into an account in Australia and then have the financial institution make periodic payments to you overseas. You should also contact the ATO to find out whether you will be required to pay Australian tax.

Taxation deductions

Taxation deductions, which normally include the Medicare Levy, will be made from your pension. The amount of tax deducted will depend on whether you have notified us of your TFN and whether you wish to claim any offsets or deductions.

In July each year, MilitarySuper will send you an income tax payment summary containing details of pension payments and taxation instalments deducted by MilitarySuper, and details of eligibility for superannuation tax concessions. You will need this information to lodge your Income Tax Return and it should be retained as evidence, if needed, of income you have received from MilitarySuper.

Change of contact details

After you finish work, you should always advise us when you change your address or contact details. Each year we send you some important documents, including advice of adjustments to your pension, and your income tax payment summary. If you have preserved your benefit in MilitarySuper you will receive an annual member statement. If you forget to tell us when you change your details, you might not receive these documents. You can update your details by logging into your account or by calling us on **1300 006 727**.

Your address and any other personal information will always be treated confidentially, and we will not disclose it to a third party without your written authority.

Biannual adjustment of pension

MilitarySuper pensions are automatically adjusted twice yearly in line with upward movements in the Consumer Price Index (CPI) for the six months ending 31 March and 30 September each year. Adjustments are paid on the first pension payday in January and July each year.

For an increase to apply in a period, the Consumer Price Index at March or September must be higher than the Consumer Price Index used when pensions were last increased. There is no adjustment in a period where the Consumer Price Index declines rather than increases.

A statement is issued in January and July showing the new rate of pension. The income tax payment summary and other relevant information is included with the July statement.

For more information on the Consumer Price Index, see the Australian Bureau of Statistics website abs.gov.au

Arrangements for the payment of a lump sum

If you have chosen to receive a lump sum as part of your benefit, the amount is generally paid to your nominated account within 8–10 working days of your transition date or the date we receive your correctly completed paperwork, whichever occurs later.

Rolling over a lump sum

What is a rollover?

When you apply for your lump sum you are faced with two choices.

1. You can take the lump sum and we will deduct a tax instalment from that amount and pay the balance to the account you have nominated in your benefit application form. (Information about the rate of tax payable on lump sums is contained in the **Taxation of Lump Sums** leaflet, available from your Pay Office or the CSC website.)
2. You can roll over all or part of that lump sum, if you are under the age of 65. You can roll it over to a superannuation Fund, an allocated pension Fund, an approved deposit Fund or a deferred annuity Fund, or you can use it to purchase an immediate annuity or allocated pension.

If you choose the second option, tax that would normally be paid on receipt of the lump sum is deferred until you eventually receive payment from the rollover institution. Please note: MilitarySuper scheme rules place significant restrictions on what can be rolled over to another super fund, and when this can occur. For more detail, please refer to our Rolling out your benefit factsheet.

What happens if you roll over your lump sum?

When you roll over your lump sum, MilitarySuper will send the rollover payment directly to your rollover Fund. We will also send you a Rollover Benefit Statement once the rollover is completed.

MilitarySuper will not deduct any tax from your rollover amount when we process it. Any tax that is due on rollover is normally paid by the rollover Fund, which then passes the tax on to you by reducing the amount of the lump sum that you pay into the Fund. The tax due at that point relates only to the untaxed post-1983 component. Your rollover Fund will deduct 15% of the untaxed taxable component to cover the tax. Any other tax due will not be payable until you actually withdraw your benefit from the rollover Fund. Your selected rollover Fund should be able to give you more information about the tax that will apply to your rollover.

For an explanation of the various tax components, please read the **Taxation of Lump Sums** factsheet.

Documents you may receive from MilitarySuper after your transition

After your transition, you will receive some documents from us relating to your benefit payment. Depending upon which benefit option you choose, these documents may include:

- a benefit payment letter, advising you of your benefit entitlement and the date on which your pension will start (if you are taking some or all of your benefit as a pension)
- a copy of your Rollover Benefit Statement
- a PAYG Payment Summary—superannuation lump sum which shows the split-up, for taxation purposes, of the lump sum you received (make sure you keep this for inclusion with the first tax return you submit after you exit the scheme)
- annual PAYG summaries - showing the amount of pension paid to you each financial year, for tax purposes
- twice yearly advice of CPI adjustment to your pension
- an annual member statement, if you preserve your benefit.

Planning ahead

Getting ready for retirement involves a lot of planning. You must take a wide range of factors into account to ensure that it will be free of financial worry for you and your family.

We've prepared a **Planning ahead pack** to help you understand what happens to your super when you pass away. We've also included a checklist to make it easier for your loved ones to claim your benefit.

Need further help after you finish work?

Where's my benefit?

If you need to find out how the payment of your benefit is progressing, you should contact us by telephoning **1300 006 727**.

Pension enquiries

If you wish to enquire about the payment of your pension, notify us of a change of address or bank details, or ask when your group certificate will be sent, please call us on **1300 001 877**.

Preservation enquiries

For enquiries regarding preserved benefits, please ring **1300 006 727**.

General information

Updated copies of all MilitarySuper publications are available on the CSC website. In addition there is a lot of general information about the scheme including legislation and frequently asked questions. You are welcome to download copies of any of this material from the website **csc.gov.au**

How can I get more information?



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