



Invalidity benefits

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What is an Invalidity benefit?

An ADF Cover member who is discharged on the grounds of Invalidity as a result of a physical or mental impairment that occurs while serving in the Australian Defence Force (ADF), will be assessed for their incapacity in relation to civilian employment.

The assessment takes into consideration the types of employment that a person with your qualifications, skills and experience may reasonably undertake.

Once we have made an assessment you will be classified as one of the following:

- Class A – where your incapacity for civilian employment is assessed as at least 60%;
- or
- Class B – where your incapacity for civilian employment is assessed as at least 30% but less than 60%;
- or
- Class C – where your incapacity for civilian employment is assessed as less than 30%.

If you are classified as Class A or B you will receive an Invalidity pension from ADF Cover.



Australian
Defence Force
Cover

Invalidity benefit?

If you are a member of ADF Cover and have been discharged on the grounds of Invalidity from the ADF, we are required to assess you for Invalidity benefits.

You are not eligible for an Invalidity benefit from ADF Cover if your discharge:

- occurred within your first two years of service and; was caused by or substantially caused by a condition that was present on entry and was not materially aggravated by your service;
- or
- was in the opinion of CSC, a result of your intentional act to obtain an Invalidity Benefit;
- or
- was caused by or substantially contributed to by an event which occurred while you were absent without leave for a period of more than 21 consecutive days, and your salary and allowances for that period had been forfeited under regulations made under the *Defence Act 1903*.

Invalidity classification process

To begin the invalidity classification process you will need to complete the **ADF Cover Application for Invalidity benefits (ADFC40)** form, available from csc.gov.au. When completing this form, please ensure you have completed each section and attached any relevant documentation and identification. If the form is not complete and we require you to provide additional information, the classification process may be delayed.

Once you have completed the **ADFC40** form, please submit this application to us via post no more than three months prior to your discharge. To start the classification process we also require Defence to provide us with your date of discharge, **ADFC40** and full medical records.

When we have received your completed application and relevant information from the ADF, we will begin the classification process.

We will classify you according to your degree of incapacity for appropriate civilian employment. In determining your classification we must consider the types of employment that a person with your qualifications, skills and experience could reasonably undertake.

When your appropriate civilian employment has been determined, your incapacity for that employment is then assessed. Your service medical papers, and any other medical evidence provided will be taken into account. You may be required to attend a medical examination at our expense if further information is needed to make a determination.

After all the evidence and medical reports have been examined, you will be classified as Class A, B or C. You will receive the decision for your classification via post.

Please note: Due to a different basis of assessment, percentage assessments made under other legislation such as the *Compensation Act* or the *Veterans' Entitlements Act*, are not relevant to your ADF Cover invalidity entitlements.

Interim benefits

If more information is required in order to determine a classification and it is expected that your incapacity will be at least 30%, you may be eligible for an interim Class B benefit.

If you are found eligible, a pension will commence at the Class B rate until we obtain the additional required information. It is important to note that the final determination may result in a classification of Class A, or B notwithstanding the interim Class B classification.

Reconsideration of a classification decision

If you disagree with the classification decision we have made you may apply for reconsideration within 30 days of receipt of the decision.

Your request for reconsideration must be in writing and must set out the grounds for your request. Please complete the Application for reconsideration of decision form, available at csc.gov.au and submit to:

ADF Cover Reconsideration Team
GPO Box 2252
Canberra ACT 2601

Requests for reconsideration are considered by our Reconsideration Committee. Should you seek reconsideration, more information will be provided to you about the reconsideration process after we receive your request.

Invalidity classification reviews

If you are classified as Class A or Class B, your classification will be initially reviewed within 12 to 36 months with subsequent reviews to be conducted from time to time.

If the level of your incapacity or your skills, qualifications or work experience have changed you may be reclassified. If so, your pension payment will change to reflect your new classification with effect from the date the decision of your new classification was made.

If you are receiving a Class B pension or you have been reclassified as Class C from Class A or B, you can ask for a review at any time up to age 65 if you think that your condition has deteriorated.

If you are initially classified Class C, your classification is not reviewable, but you will have the opportunity to ask for reconsideration of the classification within 30 days of receipt of the decision.

Invalidity pension calculation

An ADF Cover Invalidity pension is comprised of two components, the basic annual rate of pension plus an annual top up amount. The basic annual rate is payable for life (subject to classification review) and the top up is payable until age 60.

Incapacity factors are:

- Class A – the incapacity factor is 2.2%
- Class B – the incapacity factor is 1.1%

Basic annual pension calculation

The basic annual pension rate is calculated as follows:

Prospective service to age 60
x Salary on discharge
x Incapacity factor

Top up pension calculation

The top up annual pension rate is calculated as follows:

Period of eligible service
x Salary on discharge
x Incapacity factor

Example of the calculation of an Invalidity pension

John joins the Army at age 18 and is discharged at age 25. John's prospective service to age 60 is 35 years. John's period of qualifying service is 7 years. At the date of discharge, John's salary was \$100,000. John is classified as Class A invalidity. John is entitled to both a basic pension and a top up pension.

John's basic pension:

35 x \$100,000 x 2.2% = \$77,000 pa

John's top up pension:

7 x \$100,000 x 2.2% = \$15,400 pa

The total amount John will receive while he is under age 60 as a result of his incapacity is \$92,400 pa, indexed to upwards movements in CPI (this example assumes no CPI increases).

When John is 60, his top up pension will cease, leaving only his basic pension of \$77,000 pa, indexed to upwards movements in CPI. However, as John will have reached his preservation age, John will now be able to access his accumulated superannuation from ADF Super (or his chosen fund).

Returning to the ADF

If you are in receipt of an invalidity pension and subsequently return to the ADF, your pension will be ceased.

If following your period of re-entry you retire on invalidity grounds again, your eligibility for Invalidity benefits will be reassessed. If at the end of your period of re-entry you do not retire on invalidity grounds, your previous invalidity pension will not be re-instated.

Are benefits income tested?

ADF Cover invalidity pensions are not adjusted on account of other income, including Repatriation, Compensation and Social Security payments. However, some of those payments may be adjusted to take account of your ADF Cover Invalidity pension.

How can I get more information

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 call **1300 277 777** during business hours. To find out more please visit csc.gov.au/Members/Advice-and-resources/Financial-planning/



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