



# Invalidity benefits

## Who should read this?

This fact sheet provides information about the benefits available to you if you are deemed unable to work due to invalidity. It explains the process of classifying you as an invalid, how benefits are calculated, benefit options available and how pensions are adjusted each year.

## What is in this fact sheet

- > What you should know up front
- > Introduction
- > Invalidity retirement process
- > Pre-assessment payments
- > Rehabilitation
- > How is an invalidity benefit calculated?
- > Limited benefits member
- > Benefit choices
- > Surcharge debt
- > Fast-tracking requests for terminally ill members
- > Adjustments of pensions
- > Review of invalidity pensioners
- > Who can you call?
- > Where can I get more information?

## What you should know up front

It is important that you read the disclaimer at the end of this fact sheet. Before making any decisions, please read the **PSS product disclosure statement** and consider seeking advice from a licensed professional such as a financial planner, accountant or solicitor.

## Introduction

Generally speaking, an invalidity retirement pension is payable to you if the Trustees agree to your retirement because of a permanent medical condition which is likely to stop you from working again.

However, an invalidity benefit is not payable if the condition which leads to your medical retirement has been caused by wilful action on your part with a view to you getting an invalidity benefit.

Also, invalidity retirement benefits are not payable if your retirement on medical grounds occurs after the age of 60.

## Invalidity retirement process

If you believe that a medical condition shows that you should be retired on medical grounds, you should make arrangements with your personnel section to be examined by an Occupational Physician from Health Services Australia (HSA). Your personnel section will make an appointment for you and they will also give you a completed form SM2 to take to the medical practitioner from HSA. The SM2 is called Medical Report for Invalidity Retirement.

The results of that examination will be sent directly to your personnel section.

If, as a result of the examination, the medical practitioner from HSA thinks that you are, or may become, totally and permanently incapacitated, your personnel section will need to complete the form Application for Issue of Invalidity Retirement Certificate (form SPC).

Then, you should get your personnel section to send both completed documents to us to help the Trustees to decide whether you should be retired on medical grounds. You may also wish to send in any other supporting evidence you have, such as a report from a specialist or a general practitioner.

The report of your medical examination, together with any other supporting medical evidence, is then sent by the Trustees to an independent invalidity assessment panel for consideration (that is, a panel with expertise in assessing invalidity claims in or for the private sector).

After considering the assessment panel's recommendation, the Trustees will then decide whether to agree to your invalidity retirement. Also, at that time, the Trustees will consider whether it is practical for your employer to provide you with a suitable job or for you to obtain such a job with a different employer.

In some circumstances, the Trustees can agree to invalidity retirement without the need for the assessment panel's consideration. This generally occurs if your medical condition is such that the Trustees consider there is no reasonable doubt that you are totally and permanently incapacitated.

If you are, or are likely to become, totally and permanently incapacitated, you may be paid pre-assessment payments to help support you until a final decision is made by the Trustees.

**Note:** It is important for you to know that formal retirement by your employer cannot occur until the Trustees issue a certificate to your employer stating that, if retired, you will be entitled to receive invalidity retirement benefits from the Scheme.

## Pre-assessment payments

You might also be entitled to receive pre-assessment payments while you wait for the decision of the Trustees. The reason for pre-assessment payments is to provide you with some form of income, after your sick leave runs out, while you wait for the Trustees to assess your application.

To qualify for pre-assessment payments you must not be a limited benefits member or be receiving worker's compensation payments and you must have been off work for 28 days or more. However, before deciding whether to make pre-assessment payments, the Trustees need a medical report from HSA, or another approved medical practitioner, which indicates that there is a likelihood that you are, or will become, totally and permanently incapacitated.

This is deliberately set as a lesser test than that required for invalidity retirement to make sure that your income is reasonably protected until the invalidity retirement decision is taken. However, it does not automatically follow that your invalidity retirement will be approved even though the Trustees may approve pre-assessment payments for you.

Pre-assessment payments do not affect the calculation of your invalidity retirement benefit. However, if your invalidity retirement is approved and commences from a date before your pre-assessment payments cease, the invalidity benefits due will be offset by any pre-assessment payments made in the overlapping period.

Superannuation contributions to the Scheme, at the normal rate, must also be deducted from your pre-assessment payments.

## Rehabilitation

If the Trustees are advised that an appropriate program of rehabilitation may prevent you from becoming totally and permanently incapacitated, they may consult Comcare or another rehabilitation provider about such a program. Also, if it is considered that a rehabilitation program is likely to be cost-effective in reducing the likelihood of your invalidity retirement, the Trustees may require you to attend that program. The cost of the program is met by us.

Pre-assessment payments continue to be made to you during a rehabilitation program.

## How is an invalidity benefit calculated?

The invalidity pension benefit payable on total and permanent incapacity is based on the lump sum you would have received if you had worked to the age of 60. Generally, for this purpose, if you had been contributing at an average of more than 5 per cent of your salary, it is assumed that you would have continued to contribute at that higher rate through to the age of 60.

However, if you had been contributing at less than 5 per cent, your benefit is worked out on the basis that your contributions would have been immediately increased to 5 per cent, and that you would have continued to contribute at that rate until the age of 60.

The lump sum obtained from this calculation is then converted to an indexed pension. The pension conversion factor used is 11.00, which is the one that would have applied to you if you retired at the age of 60. In other words, your lump sum is divided by 11.00 to obtain the amount of indexed pension.

**Note:** If you had been contributing at more than 5 per cent for less than three years before you commence sick leave for the final time, you may not be eligible for benefits calculated at the higher average rate.

## Limited benefits member

If you have been classified as a limited benefits member your invalidity benefit is payable as a lump sum of your **accrued** Benefit Multiple if you are medically retired for any reason within three years of becoming a member. This applies irrespective of the condition which is causing your retirement.

## Benefit choices

The following invalidity benefit choices are available if you are retired on medical grounds before the age of 60.

### Members not subject to a limited benefits restriction

#### Invalidity pension with no lump sum

If you choose this option you will receive an indexed pension which is made up of the three benefit components (that is, your contributions and those of your employer). For a more detailed explanation of the different benefit components, please refer to *The PSS Super Book*.

#### Invalidity pension plus lump sum

If you choose this option you will receive a lump sum of your member component and the employer component as indexed pension.

#### Limited benefits members

##### Lump sum

This choice is only available to limited benefits members. The only benefit payable is a lump sum, which is made up of both employer and member components accumulated to the date of invalidity retirement.

#### Immediate access to lump sum benefits for terminally ill members

The Trustees can allow you to have an additional benefit choice if your invalidity retirement is due to a terminal illness, or if you suffer from a condition which is sufficiently severe that you will need personal or nursing care on a daily basis within two years. In these circumstances, you can choose to receive, instead of the normal invalidity benefits, an immediate lump sum based on your accrued Benefit Multiple. That is, the lump sum does not take account of your prospective Benefit Multiple to the age of 60.

To qualify for this option, you must send the Trustees a certificate from at least two medical practitioners (one of whom is not treating you), who have experience in the condition affecting you. The certificate must confirm that your condition is terminal, or that the severity of your illness is such that you will need personal or nursing care on a daily basis within two years. More details about this option are available from your personnel section or from the PSS website.

## Surcharge debt

Any accrued surcharge debt remaining at the time an invalidity benefit (other than a partial invalidity benefit) becomes payable is recovered by reducing the PSS benefit.

Normally the PSS invalidity pension is reduced to recover a surcharge debt but you can request the debt to be recovered from lump sum if you wish. The reduction to pension is calculated using a special set of factors that vary according to your age at the time the benefit becomes payable.

Please refer to Chapter 14 in *The PSS Super Book* for details or to the fact sheet *The Facts about the Superannuation Contributions Surcharge*.

## Fast-tracking requests for terminally ill members

We can take steps to ensure that applications for invalidity retirement are processed with extra speed if you are terminally ill.

Where the illness or condition appears terminal, arrangements should be made with your personnel section to be medically examined by a medical practitioner from HSA. (You will need to follow the same procedures as shown under the heading 'Invalidity retirement process' on pages 1-2.)

However, when your personnel section sends the results of that examination to us, together with any supporting reports from your treating specialist and general practitioner, they should request that your case be expedited. Under normal circumstances, we will finalise the case within one to two weeks.

## Adjustment of pensions

Invalidity retirement pensions are subject to annual cost-of-living adjustments based on movements in the Consumer Price Index. You will receive a notice of the adjustment, together with your income tax group certificate, from us in early July each year.

## Review of invalidity pensioners

Following your invalidity retirement, we may, from time to time until your 60th birthday, ask you for information about any employment you may be undertaking during your period of invalidity retirement. It is important for you to know that if you fail to provide information about employment and you don't have a reasonable explanation, your invalidity pension may be suspended until the requirement has been satisfied. It may then be cancelled after 12 months' suspension.

### Reduction of invalidity pensions on account of personal earnings

Invalidity pensions can be reduced where a retired member under the age of 60 works and receives income above certain fixed levels. You must provide the Trustees with information about any income you may be receiving as a result of working after your invalidity retirement.

If you believe you may be affected, you should contact us for further information.

## Where can I get more information?

EMAIL [members@pss.gov.au](mailto:members@pss.gov.au)

PHONE 1300 000 377

FAX 02 6272 9613

MAIL PSS  
PO Box 22  
Belconnen ACT 2616

WEB [www.pss.gov.au](http://www.pss.gov.au)

### Warning - This Document Contains General Advice or Information Only

Any advice in this document has been prepared without taking account of your personal objectives, financial situation or needs. Because of this, you should, before acting on any advice in this document, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

You may wish to consult a licensed financial planner to do this.