

# Pensioner News

Issue 4 July 2004



Madge Blanden, our oldest PNG Scheme pensioner. Despite illness, Madge made a special effort to come to Canberra for the opening of ComSuper's new office, and helped to make the day a great success.

## Your July 2004 pension increase

On the first payday in January and July each year your pension is increased if there is an upward movement in the Consumer Price Index (CPI).

With this newsletter we have sent you details of the increase you will receive on 8 July 2004. You receive this increase because the CPI rose 1.4% between September 2003 and March 2004. The CPI is determined by the Australian Bureau of Statistics (ABS). A detailed calculation of the CPI rate can be found on your scheme website, shown on the back page.

### Why is my CPI increase different from the Centrelink increase?

As Centrelink benefits are adjusted at different times to your superannuation pension, the CPI figures used will also be different. Some single pensions are also adjusted to ensure that they don't fall below 25% of Male Total Average Weekly Earnings.

### Is the CPI increase applied to all of my pension or only part?

*PSS or MSBS pensioner*

The CPI increase is applied to your total pension.

*CSS pensioner*

The CPI increase is applied to your standard pension. However, if you used your own contributions and interest and/or the productivity component and interest to buy additional pension, that component of your pension does not increase. The same is true of the purchased component of any spouse or children's pension.

*DFRDB pensioner*

The part of your pension which will increase is the lesser of:

- the actual pension you are being paid
- the pension that you would have been paid if you had commuted a portion of your retirement pay into a lump sum equal to four (4) times the retirement pension entitlement.

If you are not sure of the components in your pension please contact one of our Information Officers on telephone 13 23 66 or using the email address given on the back page of this newsletter.

*If your pension became payable on or after 16 January 2004*

If your pension became payable after this date, you won't get the full increase.

If you received your superannuation pension for less than 6 months your increase is proportionate. For example, if you received your pension for 3 months you will get half the full adjustment in July 2004, but you will get the full adjustment in January 2005.

# 13 23 66



Australian Government  
Defence Force Retirement &  
Death Benefits Scheme



Military  
Super

If your pension commenced on or before the 16th of the month you receive the CPI increase for that whole month. If your pension commenced after the 16th of the month you do not get the CPI for that month.

You will get the full increase if you are a spouse or a child who is receiving a pension due to the death of a pensioner.

## **Taking action against fraud**

We are introducing a new security measure to further protect pensions from fraud.

### **Why is this new measure needed?**

Australian superannuation funds are richer than they've ever been, with assets of more than \$500 billion. This makes superannuation funds an attractive target for perpetrators of fraud. Fraud now makes up about one-third of the total cost of all crime in Australia.

Superannuation funds are now reviewing their activities to see if there is any potential for fraud. If there is, funds are looking for ways to minimise this risk and protect members' funds.

Your schemes are no exception. We pay over \$3.5 billion in pensions annually and these payments have to be carefully managed.

### **What will change?**

In the past ComSuper relied on families, solicitors or executors of estates to tell us when a pensioner died so that we could stop their pension or pay reversionary benefits to eligible spouses and children.

When we took a closer look at this procedure, we realised it was possible for others to illegally access the pension after the pensioner died.

To minimise this opportunity, we will regularly cross-reference our records with official death records, and get advice from family members, solicitors or executors of estates.

Generally this will not affect you. However, in some cases the cross-referencing may be inconclusive and we will have to contact you to ask that you complete a life survey.

## **What can you do?**

- 1 If for health or other reasons you need to allow someone else access to your bank account, please make sure that he or she is aware that the pension stops when you die. While reversionary benefits may be payable, applications need to be submitted, eligibility assessed and payment made in the beneficiary's own name.
- 2 Please let us know immediately if your address changes. If two articles of mail are returned to us and we cannot find an alternate address through resources such as the electoral roll, we may suspend your pension payments until we find you.

## **Pensioner online services**

As we advised in our last newsletter we have introduced secure online access for pensioners. You can now use the facility to change your contact details.

You will soon be able to view your fortnightly payments, including details of the tax withheld. A year-to-date total will also be shown. This is the type of information financial institutions may ask you for when considering loan and credit applications.

If you have any suggestions for other services you would like to access on line please email us using the email address given on the back page.

## **Providing information about your pension to other agencies**

We are required by law to provide details of your superannuation pension to Centrelink and the Department of Veterans' Affairs each time your pension increases. This is to allow adjustment of any other entitlements you may have so as to avoid overpayments.

We also provide the Australian Taxation Office with details of payments made to you and the amount of tax withheld, if applicable, at the end of each financial year.

## Some questions you may have

### Why have I received another surcharge assessment after I have retired?

You may have been surprised to receive a further surcharge debt notice after you retired. It takes some time after the end of the financial year for the information needed by the ATO to assess your surcharge debt to be reported and processed.

If, for example, you retired on 30 June 2003, any assessment of possible superannuation surcharge for the 2002–03 financial year would not have been performed at that time and you would have been unlikely to have found out about your debt before February 2004. As you are no longer a contributing member the debt will be payable by you.

If you are receiving a pension from either the CSS or the PSS, you may want to have the debt deducted from your pension. This facility is not available to members of the military schemes for debts that are issued after exit.

### My payment summary refers to a tax deductible amount. What is this?

Superannuation contributions paid by members post-June 1983 have not been subject to a tax deduction, that is they were taken from members' after-tax income. If you used these contributions to purchase pension you will be entitled to a reduction in your assessable income. When used to buy pension, these post-June 1983 contributions are also referred to as the 'undeducted purchase price' (UPP).

The amount by which you can reduce your taxable income is determined by dividing the post-June 1983 contributions (UPP) by a life expectancy factor applicable at the date your pension first became payable. The factor used is the higher of the factors applicable to you or your spouse.

#### Example

You are male and your pension is \$20 000. You retired on 1 January 2002 at the age of 60 and your wife was also aged 60. Your post-June 1983 contributions (UPP) used to buy pension totalled \$40 000. Your life expectancy factor would have

been 20.05 and your wife's 24.11. As your wife's life expectancy is greater, the \$40 000 is divided by 24.11, giving a figure of \$1 659.06. You would therefore pay tax on \$18 340.94 (\$20 000 – \$1 659.06).

**Please note:** We will have reduced your tax on a fortnightly basis to take account of any deductible amount unless you have asked us not to. In submitting your tax return you are not required to perform the above calculation, you need only advise the ATO of your post-June 1983 contributions (UPP) and the date your pension first became payable. *If this information is not on your payment summary, you do not have a deductible amount.*

### My payment summary refers to a portion eligible for tax offset. What is this?

The offset you receive is only available for any pension which you purchased with the funded productivity benefit and interest or your own contributions and interest (less the post-June 1983 contributions (UPP) for which you have already received a tax concession—see above). If you have any pension which was purchased with these monies it will be shown on your payment summary as 'Portion Eligible for Tax Offset'. Your tax liability will be reduced by 15% of this amount after any tax deductible amount has been deducted.

#### Example

If the tax withheld from your pension during the financial year is \$3 400 (approximately 17% on \$20 000) and the portion eligible for tax offset on your Payment Summary is \$6 000, then your tax offset is calculated as follows:

$$(\$6\,000 - \$1\,659.06) \times 15\% = \$651.14$$

This means that instead of paying \$3 400 tax of your \$20 000 pension you will only be required to pay \$2 748.86 (\$3 400 – \$651.14).

**Please note:** We will have reduced your tax on a fortnightly basis to take account of any tax offset for which you are eligible unless you have asked us not to. This information is provided on your payment summary. *If your payment summary does not show an amount eligible for tax offset, you have no entitlement to an offset.*

# How to contact us:

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## Phone 13 23 66

You can dial **13 23 66** from anywhere in Australia for the cost of a local call (mobile charges apply to mobile phones).

We are available between 9:00 am and 5:00 pm Eastern Time Monday to Friday.

When you ring 13 23 66 you are greeted with an introductory message that welcomes you to ComSuper. To be connected to an Information Officer you are asked to select from a menu of three choices:

**PRESS 1**—if you are receiving a pension or retirement pay from any scheme

**PRESS 2**—if you are a contributor or have a preserved benefit in the DFRDB or MSBS

**PRESS 3**—if you are a contributor or have a preserved benefit in the PSS or CSS

You don't have to listen to the list of choices each time you ring. To shorten your call, **PRESS 1** as soon as the auto attendant invites you to make your selection.

Retired members with a hearing impairment can use a special **TTY facility: (02) 6272 9827**

## Email

If you are receiving a pension from the 1922 Scheme, PSS, CSS or Papua New Guinea Superannuation Scheme please use the following email address to contact us:

[commonwealth.pensioners@comsuper.gov.au](mailto:commonwealth.pensioners@comsuper.gov.au)

If you are receiving a pension from the DFRB, DFRDB or MSBS please use the following email address to contact us:

[military.pensioners@comsuper.gov.au](mailto:military.pensioners@comsuper.gov.au)

**Fax** your enquiry to **(02) 6272 9811**

**Post** ComSuper, PO Box 22, Belconnen ACT 2616

**Web** Log on to your scheme's website:

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

[www.css.gov.au](http://www.css.gov.au)

[www.dfrdb.gov.au](http://www.dfrdb.gov.au)

[www.militarysuper.gov.au](http://www.militarysuper.gov.au)

**13 23 66**