

# DFRDB CDDA APPLICATION - HERBERT FRANK ELLERBOCK

## DFRDB CDDA Application Form

Fill out this form if your claim relates to the commutation of a DFRDB pension.

### Scheme for Compensation for Detriment Caused by Defective Administration (CDDA Scheme)

Please complete **all** sections of this form and enter **N/A** in any section that is not applicable to indicate that the question has been considered and completed.

Please email to: [dsfc.dl@defence.gov.au](mailto:dsfc.dl@defence.gov.au) or post to:

Directorate of Special Financial Claims  
CP2-4-080 Campbell Park Offices  
PO Box 7911  
CANBERRA BC ACT 2610

It is strongly recommended that applicants read [Resource Management Guide No.409](#), published by the Department of Finance, before lodging a claim.

### Declaration

I declare that to the best of my knowledge and belief, the information that I have supplied in or attached to this application is accurate and true, and that all relevant information has been included.

I am aware that it is an offence, under Chapter 7 of the *Criminal Code Act (1995)*, to give a false or misleading statement in, or in connection with an application for a benefit from the Commonwealth.

<b>Signature</b> 	<b>Date</b> <b>25 March 2020</b>
---	-------------------------------------

### Section 1: Applicant's personal details

1. Title:

<b>Mr</b>	
-----------	--

2. Surname (family name)

<b>ELLERBOCK</b>
------------------

3. Given name(s)

<b>Herbert Frank</b>
----------------------

4. Date of birth

<b>10 June 1946</b>
---------------------

5. PMKeys No.

<b>N/A</b>
------------

6. Residential address

<b>12 Alluvial Street</b>		
<b>Rutherglen</b>	State: <b>Victoria</b>	Postcode: <b>3685</b>

7. Postal address (if the same as residential address, write 'as above')

<b>As above</b>		
	State:	Postcode:

# DFRDB CDDA APPLICATION - HERBERT FRANK ELLERBOCK

## 8. Contact details

Home Phone: <b>02 6032 8001</b>	Work Phone	Mobile Phone: <b>0418 549 749</b>
Email address: <b>herbell@bigpond.net.au</b>		

## Section 2: Applicant's representative

*This section should only be filled in if the applicant is represented by another person.*

### 1. Title:

<b>N/A</b>	
------------	--

### 2. Surname (family name)

<b>N/A</b>
------------

### 3. Given name(s)

<b>N/A</b>
------------

### 4. Date of birth

<b>N/A</b>
------------

### 5. Representative's role and organisation (if applicable) (eg, Accountant, Business Name)

<b>N/A</b>
------------

### 6. Postal address

<b>N/A</b>	State:	Postcode:
------------	--------	-----------

## 7. Contact details

Home Phone: <b>N/A</b>	Work Phone: <b>N/A</b>	Mobile Phone: <b>N/A</b>
Email address: <b>N/A</b>		

## Section 2B: Applicant's medical representative

*This section should only be filled in if the applicant is not represented by a lawyer and is seriously unwell and considers that their health might be affected during the course of their claim. It allows Defence to provide information to the applicant's health practitioner, so that the applicant has access to health support when they communicate with Defence.*

*Please note that Defence may request this information during the course of the claim, if it forms the view that the applicant requires medical support.*

### 1. Title:

<b>N/A</b>	
------------	--

### 2. Surname (family name)

<b>N/A</b>
------------

### 3. Given name(s)

<b>N/A</b>
------------

### 4. Date of birth

<b>N/A</b>
------------

### 5. Medical Practice

<b>N/A</b>
------------

### 6. Postal address

<b>N/A</b>	State:	Postcode:
------------	--------	-----------

## DFRDB CDDA APPLICATION - HERBERT FRANK ELLERBOCK

### 7. Contact details

Home Phone: <i>N/A</i>	Work Phone: <i>N/A</i>	Mobile Phone: <i>N/A</i>
Email address: <i>N/A</i>		

### Section 3: Details of the claim

1. Which agency's administration do you consider was defective?

*Department of Defence*

If your claim is that you have suffered a loss or expect to suffer a loss because you commuted a part of your DFRDB pension into a lump sum, please answer the following questions:

How much was your DFRDB pension?

*Initially \$9,310.00 per annum*

How much was commuted into a lump sum?

*\$37,240.00*

When did you commute your DFRDB pension?

*17 January 1983*

Did you obtain any advice from Defence, including the Services, before you made your decision to commute? If yes, who gave you that advice? When? What was the advice?

*Advice was provided per the following DFRDB Authority pamphlets:  
1. DFRDB Scheme - Transfer to the New Scheme - October 1973  
2. DFRDB Scheme - Retirement Benefits - December 1981*

Did you obtain any advice from Comsuper before you made your decision to commute? If yes, who gave you that advice? When? What was the advice?

*No*

Did you obtain any advice from an independent financial advisor before you made your decision to commute? If yes, who gave you that advice? When? What was the advice?

*No*

Did you read any information products published by Defence, Comsuper or an independent financial advisor? If yes, what did you read? When?

*An Army newspaper article which conveyed the same information as the DFRDB Scheme - Transfer to the New Scheme - October 1973 pamphlet.*

If you received advice before your decision to commute, what were your expectations relating to your DFRDB pension?

*From the DFRDB Scheme - Retirement Benefits - December 1981 pamphlet I deduced that I was entitled to a lump sum pre-payment of 4 years' of my initial retirement pay entitlement and that the re-payment of that lump sum would be amortised over a period of 35.51 years, which was my Expectation of Life Factor from Table III in the pamphlet.*

## DFRDB CDDA APPLICATION - HERBERT FRANK ELLERBOCK

What did you do with the commutation lump sum?

***Part was used as a deposit for a house.  
Part was used to furnish the house.  
Part was used for a holiday.***

Have you obtained any financial modelling to show whether you have suffered a loss as a result of your commutation decision? If so, please provide details of that modelling, including the results of the modelling and when the modelling was done?

***As a computer systems analyst I did my own financial modelling. The results are attached.***

When did you discover that you had suffered or would suffer a loss? How did you discover that?

***In 2015, when other ex-service Members began to circulate their concerns over the matter.***

When you discovered that you had or would suffer a loss, what steps, if any, did you take to mitigate or prevent the loss? For example, did you reinvest the commutation lump sum?

***By that time the lump sum was long gone.***

If you have not yet suffered a loss but you expect to suffer a loss in the future, when do you expect your loss to crystallise?

***My loss commenced on 1 August 2018 and will grow at the inflated rate of \$1,048.72 per annum for the rest of my life as shown in the attachment.***

Please provide any documents you rely on to assist your claim, eg:

- documents showing your DFRDB pension and your election to commute;
- any written advice you received from Defence, Comsuper or an independent financial advisor;
- any information product you received from Defence, Comsuper or an independent financial advisor;
- documents showing what you did with the commutation lump sum;
- any financial modelling you rely on to show that you have suffered or expect to suffer a loss.

### **Additional Information**

Please provide any necessary additional information in relation to your claim to explain how the agency's administration was defective, what detriment you have suffered, and how the agency's actions caused that detriment.

### ***Refer to the attachment***

*Please attach any available supporting documents. If there is insufficient space, please attach a separate document.*

### **Note to applicants:**

*Defective administration includes:*

- *a specific and unreasonable lapse by a Departmental officer in complying with existing administrative procedures that would normally have applied to your circumstances;*
- *an unreasonable failure by a Departmental officer to institute appropriate administrative procedures to cover your circumstances;*
- *advice given to you by a Departmental officer to you that was, in all the circumstances, incorrect or ambiguous; and*
- *an unreasonable failure by a Departmental officer to give to you the proper advice that was within their power and knowledge to give (or was reasonably capable of being obtained by the official to give).*

## DFRDB CDDA APPLICATION - HERBERT FRANK ELLERBOCK

Compensation is only available to you under the CDDA Scheme where the defective administration has caused you to suffer detriment. This is the amount of quantifiable financial loss suffered by you. There are two broad categories of detriment:

- economic loss; and
- non-economic loss.

'Economic loss' is financial detriment which is unrelated to any damage or physical injury to you or your property.

'Non-economic loss' relates to personal injury (including psychiatric injury), emotional distress, or damage to reputation. Compensation is not payable solely for grief, anxiety, hurt, humiliation, embarrassment or disappointment. If you are entitled to other payments related to an injury, it is unlikely that you will be entitled to payment under the CDDA Scheme.

N/A

5. Please advise what action you have taken to resolve this matter (for example, review by agency, Ombudsman, Courts, Tribunals).

Redress of grievance  Ombudsman  Other (please specify):

6. What is the status/outcome of these actions?

**Note to applicants:** You must have exhausted all legal options available to seek compensation for your loss before making a CDDA claim. Any other ongoing claims must be fully resolved before commencing your CDDA claim.

**I have addressed this grievance to:**

1. Commonwealth Superannuation Corporation;
2. The responsible Minister on multiple occasions;
3. The House of Representatives via Petition Number PN0063;
4. The Commonwealth Ombudsman and
5. The Senate.

**The Australian Constitution does not afford an Australian citizen the right to challenge an Act of Parliament in the Courts.**

7. What amount of compensation are you are seeking for this detriment?

Please specify how the amount is calculated and attach any available supporting documents (for example, receipts). Please indicate if the costs relate to use of specific resources:

**Notes to applicants:**

- a. In determining an appropriate amount of compensation, the intention is to restore you to the position that you would have been in had the defective administration not occurred.
- b. Costs incurred by you in preparing a CDDA Scheme application are generally not compensated by the Department of Defence.

5. Please specify how this amount is calculated. Please attach any available supporting documents (eg. medical bills). If there is insufficient space, please attach a separate document.

**Note to applicants:** Typically, the larger the claim that you are making, the more evidence you will need to support the amount claimed.

DESCRIPTION OF CLAIMED ITEM	AMOUNT
Refer to the attachment	\$

# DFRDB CDDA APPLICATION - HERBERT FRANK ELLERBOCK

---

## Section 4: Other details, tax and privacy

### Other details

1. Are there any other factors that you believe are important and have not yet been mentioned in this application? If so, please provide details.

N/A

### Additional Information

2. Please note that CDDA payments may be taxable. Please contact the Australian Taxation Office or seek independent financial advice to determine your own circumstances.

3. More information for potential applicants can be found at: <https://www.finance.gov.au/individuals/act-grace-payments-waiver-debts-commonwealth-compensation-detriment-caused-defective-administration-cdda/scheme-compensation-detriment-caused-defective-administration-cdda-scheme>.

### Privacy notice

The information collected in this form is necessary for the Department of Defence to assess your application under the CDDA Scheme, and is protected by the *Privacy Act 1988*. If you do not provide the requested information, the Department of Defence may not be able to process your claim. Because it is important for the decision maker on your claim to have access to information that is relevant to the matters set out in your claim, Defence may contact other entities that could hold information about your claim, to assess if that information is relevant to your claim.

Your personal information will not otherwise be used or disclosed unless you have given consent, or it is authorised or required by law. If you know that there is other information that is likely to be relevant to your claim, you can consent to it by checking the relevant box below.

### Consent to disclosure and use of information

Yes, I authorise Defence to access information held about me by another entity. Defence may use it to help process my claim. The information is held by:

- Department of Veterans' Affairs.
- Defence, including medical or career information.
- Commonwealth Superannuation Corporation.
- Other (please specify)

Further information about how the Department of Defence handles and stores personal information, including how to make a privacy complaint, or request access to or correction of personal information, is available in our Privacy Policy at <http://www.defence.gov.au/ComplaintResolution/privacy.asp>.

## Introduction

The Defence Force Retirement and Death Benefits Act 1973<sup>1</sup> reduces Retirement Pay after Commutation by an annual amount determined by dividing the Commutation Lump Sum by the Expectation of Life Factor in Schedule 3 applicable when the election to commute was made. However, there is no provision in the Act to restore Retirement Pay to full value when the total retirement pay reductions equal the amount advanced.

This arrangement is inequitable.

The response<sup>2</sup> to Parliamentary Petition PN0063, submitted in 2017, includes:

*"When a member elects to commute, the lump sum forms part of the overall superannuation benefit and the pension is permanently reduced recognising the capacity of lump sum recipients to obtain long-term advantage from the immediate use of their lump sum."*

## Aim

This analysis will endeavour to quantify the long-term advantage/disadvantage gained from the immediate use of the commutation lump sum.

## Modelling Methodology

The underlying premise of this modelling methodology is that inflation should equally apply to the Commutation Lump Sum and the consequent Cumulative Reduction of Retirement Pay and that the inflated Cumulative Reduction of Retirement Pay should offset against the inflated value of the Commutation Lump Sum.

Therefore, the formula which determines the Net Future Value of the Commutation Lump Sum/Cumulative Retirement Pay Reduction is:

$$FV = PFV [ 1 + IR ] - PRR [ 1 + IR ]$$

Where: **FV** is the Future Value of the Commutation Lump Sum  
**PFV** is the Previous Future Value of the Commutation Lump Sum  
**PRR** is the Previous Cumulative Retirement Pay Reduction  
**IR** is the Rate of Inflation

## My Circumstances

- A. Date of Retirement (election to commute): 17/01/1983
- B. Age on Retirement: 36
- C. Expectation of Life Factor: 35.51
- D. Initial Retirement Pay Entitlement: \$9,310.00 per annum
- E. Amount Commuted (D x 4): \$37,240.00
- F. Retirement Pay Reduction (E / C): \$1,048.72 per annum
- G. Date on reaching Life Expectancy: 31/07/2018

---

<sup>1</sup> [Defence Force Retirement and Death Benefits Act 1973 – Section 24](#)

<sup>2</sup> [Background Paper to Parliamentary Petition Number: PN0063](#)

## DFRDB CDDA APPLICATION - HERBERT FRANK ELLERBOCK

Figures 1 and 2 illustrate the application of the inflation formula above.

**FIGURE 1 – THE FUTURE VALUE OF THE COMMUTATION LUMP SUM**

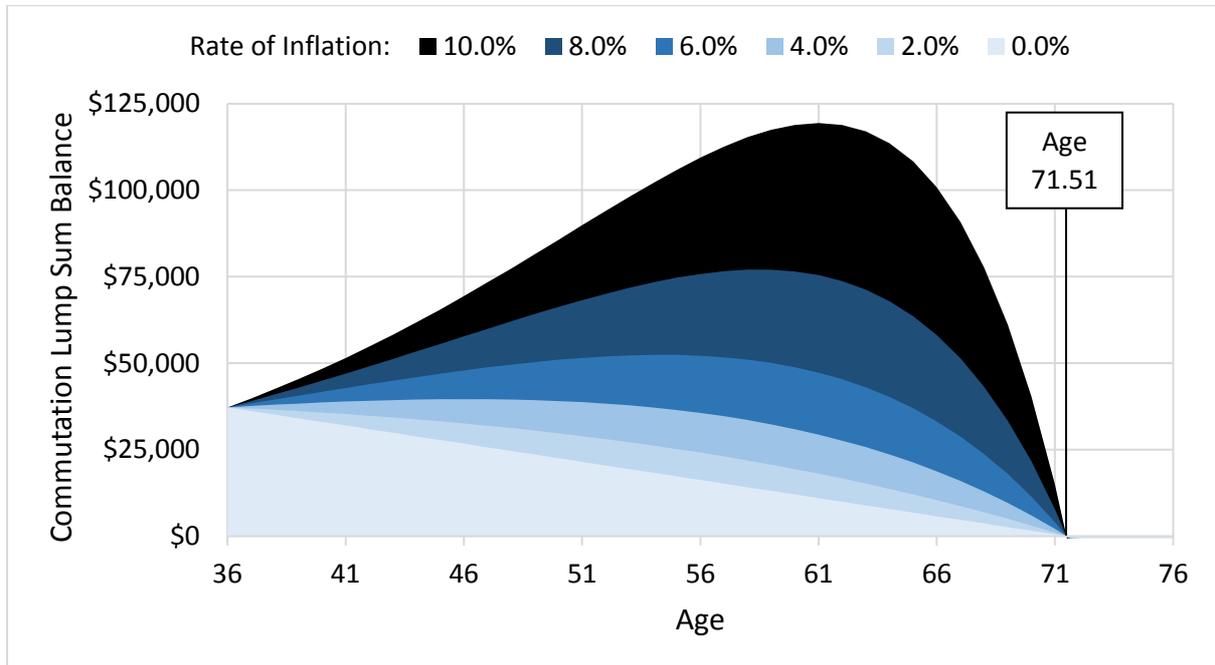


Figure 1 shows that regardless of the Rate of Inflation, the Future Value of my Commutation Lump Sum falls to zero after exactly 35.51 years

**FIGURE 2 – THE FUTURE VALUE OF CUMULATIVE RETIREMENT PAY REDUCTION**

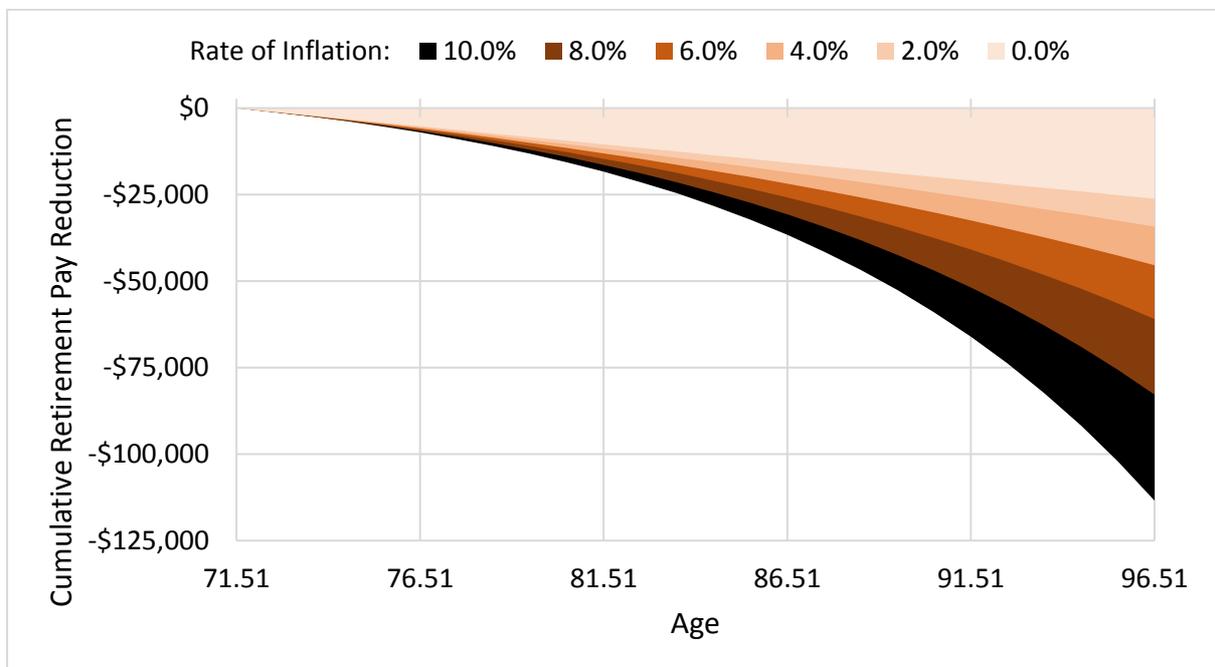


Figure 2 shows that after the Future Value of my Commutation Lump Sum fell to zero, the continued Reduction of Retirement Pay constitutes a financial loss.

**Quantum of the Financial Loss**

The quantum of my Financial Loss cannot be forecast with any degree of accuracy as it depends on:

- a. How long I will live; and
- b. The Rate of Inflation.

Figure 3 illustrates the Probability of Survival of males determined from the latest Australian Historical Population Statistics, published by the Australian Bureau of Statistics.

**FIGURE 3 – THE PROBABILITY OF SURVIVAL**

Source: 3105.0.65.001 Australian Historical Population Statistics, 2019

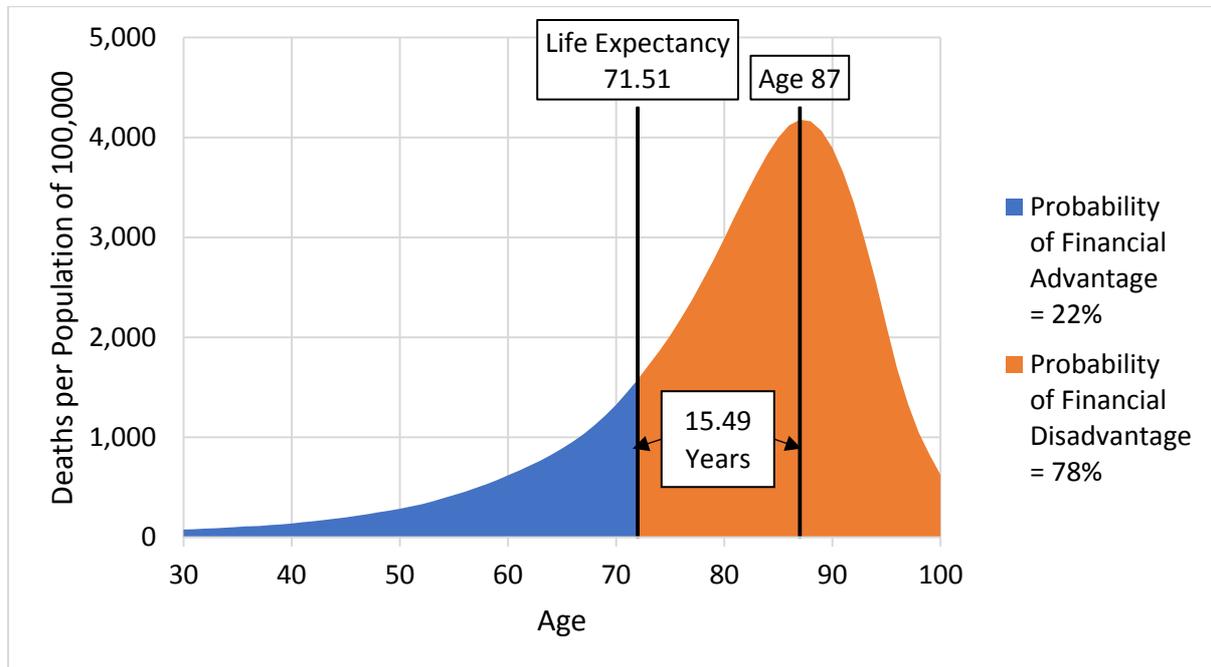


Figure 3 shows that I am likely to live at least 15 years beyond the Life Expectancy, which determined the Reduction of my Retirement Pay after Commutation.

Table 1 shows the potential Loss I will suffer.

**TABLE 1 – THE POTENTIAL LOSS FROM COMMUTATION**

From Figure 2

My Age at the time of my Death	Linear Annual Rate of Inflation					
	0%	2%	4%	6%	8%	10%
76.51	\$5,244	\$5,567	\$5,907	\$6,266	\$6,645	\$7,043
86.51	\$15,731	\$18,499	\$21,839	\$25,875	\$30,753	\$36,652
96.51	\$26,218	\$34,263	\$45,422	\$60,990	\$82,801	\$113,452

## Additional Information

Commonwealth Ombudsman's Report No. 06/2019<sup>3</sup> states:

*Many DFRDB members, likely numbering in the thousands, were provided incorrect information by Defence personnel who were responsible for providing advice about the workings of the scheme. Those DFRDB members were led to believe, incorrectly, that their commuted pensions would increase once they reached their life expectancy factor age. The absence of clear guidelines and instructions to staff led to this incorrect information being provided, which resulted in a misunderstanding of the basic design of the scheme. **In my view, this amounted to defective administration by Defence.***

More significantly, the information provided by Defence provided no indication, whatsoever, of the high level of risk associated with Commutation. Had I been aware of that substantial risk, I would not have elected to commute and not suffered the considerable loss I will sustain until my death.

## Description of Claim

As the total quantum of my Financial Loss cannot be forecast while I am alive, my claim is for an amount commencing at \$1,048.72 per annum on 1 August 2018, fully indexed per the indexation methodology defined by DFRDB (Fair Indexation) Act 2014<sup>4</sup>, payable fortnightly.

My claim ceases on the date of my death.



**(H. F. Ellerbock)**

---

<sup>3</sup> [Investigation into the administration of the Defence Force Retirement and Death Benefits \(DFRDB\) scheme – December 2019](#)

<sup>4</sup> [Defence Force Retirement Benefits Legislation Amendment \(Fair Indexation\) Act 2014](#)

THE DEFENCE FORCE RETIREMENT AND DEATH BENEFITS SCHEME

**Transfer to  
the new scheme of  
existing contributors  
as at 1 October  
1972**

A general outline of the provisions of the new D.F.R.D.B. Scheme including reference, where appropriate, to the transitional provisions for existing contributors.

Other brochures on the Scheme are:

- New Entrants
- Preservation of Rights
- Retirement Benefits
- Invalidity Benefits
- Widows', Widowers' and Children's Benefits

Further information is available from the Office of:

**The Defence Force Retirement and  
Death Benefits Authority  
P.O. Box 4015  
Canberra, A.C.T. 2600**

OCTOBER 1972

## 1 The new Defence Force Retirement and Death Benefits Scheme

The new Scheme is based upon the recommendations of a Joint Select Committee which was appointed by the Parliament on 2 September 1970 to inquire into the Defence Forces Retirement Benefits (D.F.R.B.) Scheme in operation at that time. The basic recommendation of the Committee was that a new, less complex scheme based on the special needs of members of the Defence Force, should be introduced to replace the existing D.F.R.B. Scheme.

On 22 December 1972 the Government announced its acceptance of the recommendations of the Committee with some minor modifications and announced that the provisions of the new Scheme would be introduced with effect from 1 October 1972. The aim of the Scheme, as before, is to provide a form of comprehensive insurance for members of the Defence Force against the risks of invalidity and death during service and for benefits on retirement. The Scheme provides cover for the family, paying benefits to eligible dependants in the event of the death of a contributing member or a retired member in receipt of retirement or invalidity pay.

The new Scheme is administered by the Defence Force Retirement and Death Benefits Authority which is an independent statutory authority. The Authority consists of a Chairman and one representative from each of the three Armed Services and the Department of Defence, all of whom are appointed by the Governor-General. The costs of administration of the Scheme are met wholly from Consolidated Revenue.

## 2 Membership of the new Scheme

All members of the Defence Force serving on continuous full-time duty for a period of twelve months or more are eligible and required to contribute to the new Scheme. Retired members in receipt of retirement or invalidity pay or a pension under the D.F.R.B. Scheme who rejoin the Defence Force on full-time service are also required to contribute to the Scheme irrespective of the length of their additional period of service.

All existing contributors, that is, members who were contributing to the D.F.R.B. Fund on 30 September 1972, have been transferred to the new Scheme with effect from 1 October 1972. No option is available for members to remain contributors under the D.F.R.B. Scheme.

A member who had previously elected not to contribute to the D.F.R.B. Fund and who was still serving on full-time duty at 1 October 1972 may elect to become a

contributor under the new Scheme. If an election is made, the member will only be required to contribute with effect from 1 October 1972 but any prior service may be purchased under the normal conditions (see Item 4).

## 3 Contribution rates

All members of the new Scheme, regardless of age or rank, are required to contribute on a fortnightly basis during service with the Defence Force. Contributions are payable at the rate of 5.5% of the member's fortnightly rate of pay with effect from the first payday following 1 October 1972 (i.e. 5 October 1972).

The fortnightly rate of pay for contribution purposes is the member's annual rate of pay multiplied by 14 and divided by 365. The annual rate of pay for contribution purposes is the maximum rate of pay for the member's rank, (i.e. where increments are provided, the maximum of the salary range for that rank), plus Service Allowance, if payable. The only exceptions occur in the case of Chaplains and members undergoing training where certain intermediate points have been set because of the long salary ranges which apply.

A member whose annual rate of pay is reduced may elect to have the change in pay disregarded for the purpose of both contributions and benefits.

Under the new Scheme, on and from 1 October 1972, any period in excess of 21 consecutive days during which a member is on leave without pay; absent without leave; awaiting or undergoing trial on a charge of which he is later convicted; or undergoing field punishment, detention or imprisonment; is regarded as a period of non-effective service and the member does not contribute on any payday falling within such a period. Where any of these periods are continuous they are aggregated to determine whether or not the total period exceeds 21 days.

## AGGREGATE PAY

For the purpose of transferring existing contributors from the D.F.R.B. Scheme to the new D.F.R.D.B. Scheme each member's total past contributions prior to 1 October 1972 will be compared with 5.5% of the member's aggregate pay for D.F.R.D.B. purposes over the same period. This will involve three steps:

- the total period of effective service as at 1 October 1972 will be ascertained;
- a calculation will be made of the total contributions paid to the D.F.R.B. Fund up to 1 October 1972; and
- a calculation will be made of the amount of aggregate pay over the period of effective service.

To ascertain the total period of effective service that will be credited to an existing contributor as at 1 October 1972, the following periods will be taken into account:

- the period of continuous contributory service up to 1 October 1972;
- for members who have contributed to the D.F.R.B. Fund continuously since its introduction in 1948, any preceding period of continuous service in the Permanent Forces after age 20 as well as any period before age 20 whilst a contributor to the Commonwealth Superannuation Scheme; and
- any periods which were purchased as past service before 1 October 1972.

Special provisions will apply to those members who are re-employed pensioners or who have paid transfer values to the D.F.R.B. Fund.

When the total period of effective service has been established for each contributor transferred to the new Scheme, the aggregate pay for each such contributor will be calculated. If the contributions paid to the D.F.R.B. Fund by an existing contributor exceed an amount of 5.5% of aggregate pay, a refund of the excess amount will be paid to the contributor. If the contributions paid to the D.F.R.B. Fund are less than 5.5% of aggregate pay, the shortfall generally will not have to be made up.

However, in the case of an existing contributor who is:

- a pre-1959 contributor, and
- was not contributing for full benefits under the previous Scheme at 30 September 1972 because of an election to freeze or an election not to contribute for additional pension entitlements in 1959, 1962 or 1963,

the contributor will be required to pay an additional contribution to the new Scheme of an amount not exceeding the difference between:

- 5.5% of aggregate pay during the period when the member was not contributing for full benefits; and
- the total amount of contributions actually paid during that period.

Also, where an existing contributor is a pre-1959 contributor, who had elected to defer payment of any contributions due under the D.F.R.B. Scheme, the contributor will be required to pay an additional contribution of an amount not exceeding the amount of the deferred contributions. In addition to this amount, the compound interest at the rate of 5% per annum which is owing on the total contributions deferred as at 1 October 1972, will have to be paid.

Before the aggregate pay calculations can be made, complete pay and service details since date of entry to

the Defence Force must be obtained for each contributor. It will take some considerable time to collect this basic data but when the data has been assembled and the calculations completed, each member involved will be informed of his or her position in the new Scheme as at 1 October 1972.

#### 4 Purchase of past service

Under the new Scheme, a member may elect to purchase as effective service any period of service with the Defence Force not already taken into account (see Item 3). To be available for purchase, such a period must have been full-time service and, except where continuous with service covered by the aggregate pay calculation, of at least one year's duration. Any period of service which would have been a period of non-effective service had the member been a contributor to the new Scheme during that period (see Item 3) may not be purchased.

The cost of purchasing a period which is continuous with service covered by the aggregate pay calculation is 5.5% of the amount assessed as being the member's aggregate pay over the period to be purchased. The cost of purchasing a period which is not continuous with service covered by the aggregate pay calculation, will be assessed on the basis of 5.5% of a flat daily rate of pay to be determined in respect of each member involved. In most cases it will not be possible to calculate the cost of purchasing past service until the aggregate pay calculation referred to in Item 3 has been completed. Each member will be advised of the cost of purchasing past service when advised of his or her position in the new Scheme. On receiving advice of the cost involved the member may elect to purchase all or part of the period(s) of that past service.

If any benefit (for example, a gratuity) was received by a member in respect of any period of past service being purchased, that benefit must be repaid. Members purchasing World War II service are not required to refund any war-earned gratuity.

#### 5 Retirement pay

Retirement pay is payable to:

- officers and other ranks who leave the Defence Force after completing a total of 20 years effective service; and
- late entrant officers and other ranks who leave the Defence Force after completing 15 but less than 20 years effective service and who have attained the retiring age for their rank.

Effective service includes the period of service over which the aggregate pay calculation has been made plus any contributory service completed after 1 October 1972 and all periods of past service purchased by the member but does not include a period of non-effective service (see Item 3).

The rate of retirement pay payable to an eligible member is a percentage of the member's annual rate of pay at the date of retirement, the percentage being determined by the member's total number of years of effective service. Annual rate of pay for retirement purposes is the same as annual rate of pay for contribution purposes (see Item 3). Tables I and II set out the percentage of retirement pay applicable in relation to years of effective service.

TABLE I

Retirement Pay — Officers and other ranks who have completed 20 or more years effective service.

Total number of years effective service completed	Retirement pay as a percentage of pay at date of retirement	Total number of years effective service completed	Retirement pay as a percentage of pay at date of retirement
20	35.00	30	51.25
21	36.50	31	53.25
22	38.00	32	55.50
23	39.50	33	57.75
24	41.00	34	60.25
25	42.50	35	62.75
26	44.00	36	65.25
27	45.75	37	67.75
28	47.50	38	70.50
29	49.25	39	73.50
		40	76.50

Where an officer:

- retires from the Defence Force at own request or is discharged on disciplinary grounds, and
- has completed 20 or more years effective service, but
- has not attained the notional retiring age designated for the rank held immediately before retirement.

the retirement pay entitlement shown in Table I is reduced by 3% of the amount of retirement pay for each year by which the officer's age last birthday on retirement is less than the notional retiring age. The notional retiring

ages applicable to Army officers, and equivalent ranks in Navy and Air, are, Major and below 42; Lt. Colonel 45; Colonel and Brigadier 50; Major General 52; Lt General and General 55.

TABLE II

Retirement Pay — Late entrant officers and other ranks who have completed less than 20 years but more than 15 years effective service and have attained the retiring age for their rank.

Total number of years effective service completed	Retirement pay as a percentage of pay at date of retirement
15	30.00
16	31.00
17	32.00
18	33.00
19	34.00

#### DETRIMENT

In the case of certain officers, the retirement pay entitlement available under the new Scheme for their period of effective service, expressed as a percentage of pay, is less than the retirement pension applicable under the previous Scheme at 30 September 1972, expressed as a percentage of pay. If:

- this detriment situation persists up to the date the officer retires from the Defence Force, and
- on retirement, the officer has fulfilled the conditions for eligibility,

that officer may elect, within ninety days after retirement, to receive retirement pay based on the higher rate. In such cases the officer will be required to pay an additional contribution on retirement of an amount to be determined by the Authority.

#### COMMUTATION

Officers and other ranks who retire with an entitlement to retirement pay have the option to elect, within twelve months from the date of retirement, to commute a portion of their retirement pay (i.e. to receive a lump sum prepayment of a portion of future retirement pay). The maximum amount that a retired member may commute is four times the annual retirement pay received. Where a retired member commutes, the annual rate of retirement pay is reduced by an amount which is calculated by dividing the lump sum amount received, by the retired

member's life expectancy (see Table III) at the date the election is received by the Authority. For example, if a retired male member is 50 years of age on the date his election is received and his lump sum advance is \$20,000 (i.e. annual retirement pay of \$5,000 x 4), his annual retirement pay would be reduced by \$864.68 (i.e. \$20,000 divided by 23.13 which is the average life expectancy of a male aged 50).

Invalidity pay may not be commuted.

TABLE III

#### Commutation of Retirement Pay Expectation of Life Factor

Age (in yrs) at date election received	Factor		Age (in yrs) at date election received	Factor	
	Male	Female		Male	Female
31	40.18	45.53	46	26.51	31.48
32	39.25	44.57	47	25.65	30.58
33	38.31	43.61	48	24.80	29.69
34	37.38	42.65	49	23.96	28.80
35	36.45	41.70	50	23.13	27.92
36	35.51	40.75	51	22.31	27.05
37	34.59	39.81	52	21.51	26.18
38	33.67	38.86	53	20.72	25.32
39	32.75	37.92	54	19.94	24.47
40	31.84	36.99	55	19.18	23.63
41	30.93	36.06	56	18.43	22.79
42	30.03	35.13	57	17.70	21.96
43	29.14	34.21	58	16.99	21.13
44	28.25	33.29	59	16.29	20.32
45	27.38	32.38	60	15.60	19.51

#### 6. Invalidity benefits

Under the new Scheme, members retired on the grounds of invalidity or physical or mental incapacity to perform their duties are eligible for invalidity benefits. The benefit may be either invalidity pay or a lump sum payment. The type of benefit applicable depends on the invalidity classification of the member. The classification is based on the member's percentage of incapacity in relation to civil employment as determined by the Authority. Table IV sets out the benefit payable for each classification.

TABLE IV  
Invalidity Benefits

Incapacity in relation to civil employment	Classification and Benefit
60-100%	Class A — Invalidity pay at the rate of 76.50% of pay at date of retirement.
30-59%	Class B — Invalidity pay at the rate of 38.25% of pay at date of retirement except where the member has completed 23 years or more effective service, in which case the invalidity benefit will be equal to the accrued retirement pay entitlement applicable in Table I.
0-29%	Class C — The invalidity benefit is a refund of contributions plus a lump sum of half the total contributions paid by the member or, if the member would have been eligible for retirement pay had he or she been retired on grounds other than invalidity, the invalidity benefit will be equal to the accrued retirement pay entitlement applicable in Table I or II.

The invalidity classification applicable to a retired member entitled to invalidity pay is not fixed and may be increased or decreased by the Authority if it is satisfied that the retired member's incapacity in relation to civil employment has changed.

#### 7 Refund of contributions

Contributing members who retire or are discharged without an entitlement to retirement pay or invalidity benefits are entitled to a refund (without interest) of the total contributions paid during service including any additional contributions for the purchase of past service. As an alternative to accepting a refund of contributions, the member may elect for preservation of rights and, subject to certain conditions, become eligible for either a transfer value or deferred benefit.

8 Widows', widowers', and children's pensions  
In the event of the death of a contributing or retired member in receipt of retirement or invalidity pay, pensions are payable to eligible dependants of the member, in normal circumstances, eligible dependants

under the new Scheme would be a widow, or a de facto wife or a dependent widower, and each child of the member who is under 16 years of age or under 25 years of age in the case of a full-time student.

The benefits payable to eligible dependants are:

- to a widow, de facto wife or widower of a contributing member, a pension calculated at the rate of five-eighths of the maximum retirement pay entitlement that would have been payable to the member (i.e. five-eighths of 76.50% of the member's annual pay for D.F.R.D.B. purposes at date of death);
- to a widow, de facto wife or widower of a retired member in receipt of retirement or invalidity pay, a pension calculated at the rate of five-eighths of the retirement or invalidity pay entitlement that was payable to the retired member;
- to each child (other than an orphan), a pension of \$312 per annum plus one-sixth of the pension payable to the widow, de facto wife or widower;
- to each orphan child, a pension of \$702 per annum plus one-eighth of the pension that would have been payable to the widow, de facto wife or widower.

#### 9 Review of decisions by the Authority

A member discharged on invalidity grounds who is dissatisfied with the determination of the Authority in relation to his or her invalidity classification, may request that the case be reconsidered. A request for reconsideration should be made in writing to the Authority within 30 days from the date notification of the decision is first received. The request should state reasons for disagreement with the assessment and, where possible, include medical or other information in support. The Authority will reconsider the case and advise the person of its decision. Provision exists to enable a further appeal to be made to an *Invalidity Classification Review Tribunal*.

Similarly, a person dissatisfied with an administrative decision of the Authority may request the Authority to reconsider the case. The request should be made in writing within 30 days from the date notification of the decision is first received. The Authority will reconsider the case and advise the person of its decision. A further request can be made to have the matter submitted to an independent *Administrative Review Tribunal*.

TABLE IV  
Invalidity Benefits

Incapacity in relation to civil employment	Classification and Benefit
60-100%	Class A — Invalidity pay at the rate of 76.50% of pay at date of retirement.
30-59%	Class B — Invalidity pay at the rate of 38.25% of pay at date of retirement except where the member has completed 23 years or more effective service, in which case the invalidity benefit will be equal to the accrued retirement pay entitlement applicable in Table I.
0-29%	Class C — The invalidity benefit is a refund of contributions plus a lump sum of half the total contributions paid by the member or, if the member would have been eligible for retirement pay had he or she been retired on grounds other than invalidity, the invalidity benefit will be equal to the accrued retirement pay entitlement applicable in Table I or II.

The invalidity classification applicable to a retired member entitled to invalidity pay is not fixed and may be increased or decreased by the Authority if it is satisfied that the retired member's incapacity in relation to civil employment has changed.

7 Refund of contributions

Contributing members who retire or are discharged without an entitlement to retirement pay or invalidity benefits are entitled to a refund (without interest) of the total contributions paid during service including any additional contributions for the purchase of past service. As an alternative to accepting a refund of contributions, the member may elect for preservation of rights and, subject to certain conditions, become eligible for either a transfer value or deferred benefit.

8 Widows', widowers', and children's pensions  
In the event of the death of a contributing or retired member in receipt of retirement or invalidity pay, pensions are payable to eligible dependants of the member, in normal circumstances, eligible dependants

under the new Scheme would be a widow, or a de facto wife or a dependent widower, and each child of the member who is under 16 years of age or under 25 years of age in the case of a full-time student.

The benefits payable to eligible dependants are:

- to a widow, de facto wife or widower of a contributing member, a pension calculated at the rate of five-eighths of the maximum retirement pay entitlement that would have been payable to the member (i.e. five-eighths of 76.50% of the member's annual pay for D.F.R.D.B. purposes at date of death);
- to a widow, de facto wife or widower of a retired member in receipt of retirement or invalidity pay, a pension calculated at the rate of five-eighths of the retirement or invalidity pay entitlement that was payable to the retired member;
- to each child (other than an orphan), a pension of \$312 per annum plus one-sixth of the pension payable to the widow, de facto wife or widower;
- to each orphan child, a pension of \$702 per annum plus one-eighth of the pension that would have been payable to the widow, de facto wife or widower.

9 Review of decisions by the Authority

A member discharged on invalidity grounds who is dissatisfied with the determination of the Authority in relation to his or her invalidity classification, may request that the case be reconsidered. A request for reconsideration should be made in writing to the Authority within 30 days from the date notification of the decision is first received. The request should state reasons for disagreement with the assessment and, where possible, include medical or other information in support. The Authority will reconsider the case and advise the person of its decision. Provision exists to enable a further appeal to be made to an *Invalidity Classification Review Tribunal*.

Similarly, a person dissatisfied with an administrative decision of the Authority may request the Authority to reconsider the case. The request should be made in writing within 30 days from the date notification of the decision is first received. The Authority will reconsider the case and advise the person of its decision. A further request can be made to have the matter submitted to an independent *Administrative Review Tribunal*.

## GENERAL ENQUIRIES

24. If you have any enquiries concerning benefits payable under the Scheme please do not hesitate to contact the Authority on Canberra (062) 52-7911 or write to:—

The DFRDB Authority,  
PO Box 22,  
Belconnen, ACT, 2616.

You may also visit the Authority to discuss your entitlements and should you wish to use this facility the counselling officer is located on Floor 4a, Unit 1, Cameron Offices, Chandler St, Belconnen, ACT, phone (062) 52-6338. The counselling officer is also available to discuss benefits under the DFRDB Scheme at Resettlement Seminars for long term members of the Defence Force who are retiring. It is strongly recommended that you obtain information on your retirement benefit entitlements before committing yourself to a retirement date.

## LEAFLETS

Other Leaflets available are:—

Widows', Widowers' and Children's Benefits. (If you are retiring with an entitlement to retirement pay and you are married, separated, divorced or in a de facto relationship you should obtain and read a copy of this leaflet.)

Preservation of Rights

New Entrants

Invalidity Benefits

**TABLE I**  
**PERCENTAGE OF RETIREMENT PAY APPLICABLE TO YEARS OF SERVICE**

Total Number of Years of Effective Service Completed	Percentage of Pay at date of Retirement	Total Number of Years of Effective Service Completed	Percentage of Pay at date of Retirement
* 15	30.00	28	47.50
* 16	31.00	29	49.25
* 17	32.00	30	51.25
* 18	33.00	31	53.25
* 19	34.00	32	55.50
* see paragraph 3(b) (late entrants only)			
20	35.00	33	57.75
21	36.50	34	60.25
22	38.00	35	62.75
23	39.50	36	65.25
24	41.00	37	67.75
25	42.50	38	70.50
26	44.00	39	73.50
27	45.75	40	76.50
		or more	

**TABLE II**  
**COMMUTATION OF RETIREMENT PAY: EXPECTATION OF LIFE FACTOR**

Age (in yrs) at date of election received	Factor		Age (in yrs) at date of election received	Factor	
	male	female		male	female
31	40.18	45.53	46	26.51	31.48
32	39.25	44.57	47	25.65	30.58
33	38.31	43.61	48	24.80	29.69
34	37.38	42.65	49	23.96	28.80
35	36.45	41.70	50	23.13	27.92
36	35.51	40.75	51	22.31	27.05
37	34.59	39.81	52	21.51	26.18
38	33.67	38.86	53	20.72	25.32
39	32.75	37.92	54	19.94	24.47
40	31.84	36.99	55	19.18	23.63
41	30.93	36.06	56	18.43	22.79
42	30.03	35.13	57	17.70	21.96
43	29.14	34.21	58	16.99	21.13
44	28.25	33.29	59	16.29	20.32
45	27.38	32.38	60	15.60	19.51

**TABLE III**  
**RETIREMENT PAY EXAMPLES**

Example 1 is that of an Army Sergeant (equivalent Navy and Air Force ranks) who has completed 20 years of effective service at the age of 39. The salary used is that applicable as at 7 May 1981.

Rank	Sergeant
Salary (para 5)	\$16,811.00
Effective Service (paras 3 & 4)	20 years
Retirement Pay % (Table I)	35%
Retirement Pay Per Annum	\$ 5,883.85
Retirement Pay Per Fortnight	\$ 225.68
Commutation (para 14)	\$23,535.40
Age 39 Factor (Table II)	32.75
Reduction	\$ 718.64
Reduced Retirement Pay Per Annum	\$ 5,165.21
Reduced Retirement Pay Per Fortnight	\$ 198.12
Method of calculation used is:—	
16,811.00 x 35%	\$ 5,883.85
5,883.85 x 4	\$23,535.40
23,535.40 ÷ 32.75	\$ 718.64
5,883.85 less 718.64	\$ 5,165.21
5,165.21 x 14 ÷ 365	\$ 198.12

Example 2 is that of an Army Major (equivalent Navy and Air Force ranks) who has completed 20 years of effective service at the age of 39. The salary used is that applicable as at 7 May 1981.

Rank	Major
Salary (para 5)	\$27,274.00
Effective Service (paras 3 & 4)	20 years
Retirement Pay % (Table I)	35%
Retirement Pay Before Reduction	\$ 9,545.90
Notional Retiring Age Reduction for Age 39 (para 8)	9%
Reduction	\$ 859.13
Actual Retirement Pay Per Annum	\$ 8,686.77
Commutation (para 14)	\$34,747.08
Age 39 Factor (Table II)	32.75
Reduction	\$ 1,060.98
Reduced Retirement Pay Per Annum	\$ 7,625.79
Reduced Retirement Pay Per Fortnight	\$ 292.50
Method of calculation used is:—	
27,274.00 x 35%	\$ 9,545.90
9,545.90 x 9%	\$ 859.13
9,545.90 less 859.13	\$ 8,686.77
8,686.77 x 4	\$34,747.08
34,747.08 ÷ 32.75	\$ 1,060.98
8,686.77 less 1,060.98	\$ 7,625.79
7,625.79 x 14 ÷ 365	\$ 292.50

Further information is available from the Office of:  
The Defence Force Retirement and  
Death Benefits Authority  
P.O. Box 22,  
Belconnen A.C.T. 2616



This leaflet has been prepared by the Defence Force Retirement and Death Benefits (DFRDB) Authority to provide information on the benefits available to members of the Defence Force who are retiring with an entitlement to retirement pay. The leaflet relates to benefits payable under the DFRDB Act 1973 and the information is based on the legislation as at 1 December 1981. Further information may be obtained from the Authority at the address and phone number provided at the back of this leaflet.

#### ELIGIBILITY FOR RETIREMENT PAY

2. The DFRDB Scheme provides retirement benefits to members of the Defence Force who, on retirement, have completed the minimum qualifying period of service. The scheme is essentially based on the concept of completion of years of service rather than age at retirement.

3. You will be eligible to receive retirement pay if you leave the Defence Force on grounds other than invalidity if you have:—

- completed 20 years effective service;
- completed 15 years but less than 20 years effective service and you have attained the retiring age for the rank held immediately before retirement; or
- completed a second period of service (or more) and prior to rejoining you had been in receipt of retirement pay, or a deferred benefit payable under either the DFRDB or the previous Defence Forces Retirement Benefits Scheme. (As special arrangements apply in these cases you should contact the Authority for advice if this situation applies to you.)

4. In general, effective service for retirement purposes is the total of all continuous full-time contributory service plus all periods of past service that you may have purchased.

#### WHAT YOU GET

5. Your rate of retirement pay is a percentage of your annual rate of pay at the date of retirement, the percentage being determined by your total completed years of effective service. The annual rate of pay is the maximum rate of pay for your substantive, provisional or probationary rank and, if appropriate, your pay level (where increments are provided it is the maximum of the salary range) plus service allowance if payable. The only exception occurs in the case of Chaplains where certain intermediate points have been set because of the long salary ranges which apply.

6. If you have made an election to have a reduction in pay disregarded for the purpose of benefits under the Scheme you should contact the Authority to ascertain the rate on which retirement pay will be assessed.

7. Table I setting out the percentages of retirement pay applicable to years of effective service and Table III giving two Retirement Pay Examples are at the back of this leaflet.

#### NOTIONAL RETIRING AGE (APPLIES TO OFFICERS ONLY)

8. If you are an officer and you have retired at your own request or you have been discharged on disciplinary grounds, and you have:—

- completed 20 years or more effective service; but
- you have not attained the notional retiring age designated for the rank held immediately before retirement,

then your **retirement pay entitlement (retirement pay not the percentage)** is reduced by 3% for each year that your age on retirement is less than the appropriate notional retiring age. The notional retiring ages applicable to Army Officers and equivalent ranks in Navy and Air Force are Major and below 42; Lt Colonel 45; Colonel and Brigadier 50; Major General 52; Lt General and General 55. Example 2 in Table III includes a notional retiring age adjustment.

#### DETIREMENT (APPLIES TO OFFICERS ONLY)

9. If you are an officer who, with effect from 1 October 1972, was transferred as an officer from the previous DFRB Scheme to the present DFRDB Scheme, then your rate of retirement pay available on retirement may be less than that which would have been applicable to you under the previous scheme. You may be 'in detriment' if you have attained the retiring age for rank held at 30 September 1972 or, under certain circumstances, if you retire to accept a resettlement opportunity or to meet the needs of service. Should you believe you might be 'in detriment' you should contact the Authority to ascertain the benefits and requirements.

10. If, on retirement, you have fulfilled the conditions for eligibility and you are in a detrimental situation you may elect, within 90 days after retirement, to receive retirement pay at the higher rate. An election may be made in writing but cannot be made any earlier than the day after your date of retirement. The election is conditional upon payment within that 90-day period of an additional contribution as determined by the Authority.

#### HOW TO APPLY FOR RETIREMENT PAY

11. Payment of Retirement Pay is generated by the Form DB9 'Application for Retirement Pay/Invalidity Benefits'. This form is generally completed about 4 weeks before discharge at parent units or at the

discharge centre/pay office. The form is sent from the unit or discharge centre to the Defence Force Pay Accounting Centre, Melbourne which will forward it to the Authority.

#### PAYMENT ARRANGEMENTS

12. Your first retirement pay cheque can be expected approximately 4 to 6 weeks after your official discharge date. In most cases payment of arrears from the day following retirement will be issued by means of a separate cheque. Payments are made fortnightly and may be paid direct to an account in your name, or to an account held jointly with your spouse, with:—

- most savings banks
- any trading bank (i.e. cheque accounts)
- an approved building society
- an approved credit union

or by cheque to your residential or postal address. Arrangements can also be made for payment overseas.

Please indicate your requirements on Form DB9 where applicable or by letter to the Authority.

13. Taxation deductions are made from fortnightly pension payments by the Authority's paying agents. The agents are the Department of Finance in Canberra and the Northern Territory and the Department of Social Security in the Capital City of each State. The agents will forward a group certificate at the end of each financial year.

#### COMMUTATION

14. If you are eligible to receive retirement pay you may elect, **within 12 months after your date of retirement**, to commute a portion of your retirement pay; that is, receive a lump sum prepayment of part of your future retirement pay. The maximum amount that you may commute is 4 times your annual retirement pay applicable at the date of retirement. Your reduced retirement pay following commutation is determined in accordance with your life expectancy on the date the election is received by the Authority. It should be noted that, in law, you are regarded as attaining a particular age on the day preceding the anniversary of your birth. The life expectancy factors are provided at Table II at the back of this leaflet. Examples of retirement pay and commutation are also provided at the back of this leaflet.

15. An election for commutation can be made on Form DB55A, which is available at your discharge centre/pay office, or by letter to the Authority. An election made, or received by the Authority, on or before your date of retirement is invalid.

16. Any outstanding DFRDB debt that you have on retirement e.g. shortfall in contributions, repayment of advance on gratuity, repayment for the purchase of post service may be deducted from the lump sum on commutation providing you elect for the lump sum within 90 days after retirement.

17. You are required by the Commissioner of Taxation to declare 5% of the gross amount of your lump sum in your income tax return for the year in which it is paid.

#### PAYMENT OF COMMUTATION

18. There are only 2 methods of payment available in respect of the lump sum. These are by cheque:—

- sent to your residential or postal address; or
- to you, care of your bank, building society or credit union manager. (You make the arrangements with the manager to credit your account.) If payment is required care of your 'bank manager' you should also request that the manager provide, to the Authority, written agreement of the arrangement.

19. In most cases the lump sum can be expected approximately 4 weeks after the election and relevant documentation e.g. Form DB9 and discharge advice, is received by the Authority.

20. A letter will be issued by the Authority with details of your entitlements and payment arrangements. The letter should be received prior to your first retirement pay payment.

#### PENSION INCREASES

21. Pensions payable under the DFRDB Scheme are increased in July each year based on the movement of the Consumer Price Index for the 12 month period ending March 31 of that year. The increase in the first year is on a pro-rata basis according to the number of months that you have been a pensioner.

#### YOU CAN APPEAL

22. If you are dissatisfied with a decision made by the Authority you can apply in the first instance to the Authority for the decision to be reconsidered. A request for the Authority to reconsider a decision should be made within 30 days after you have received advice of that decision and the grounds on which the request is being made should also be stated. Supporting evidence should be forwarded with, or as soon as possible after, your request.

23. If you are dissatisfied with the Authority's decision after reconsideration, you can apply to an independent body, the Administrative Appeals Tribunal, for a review of the Authority's decision.