



# Australian Defence Force Retirees Association Inc.

No. A0108026R

We represent the interests of Defence Force Retirees regarding their Superannuation

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## DFRDB UPDATE – JUNE 2021

### FADT Senate Inquiry into DFRDB – Public Hearing on 20 May 2021

After reviewing the testimony by the Department of Defence, Commonwealth Superannuation Corporation and the Commonwealth Ombudsman, further comment was warranted. You can view our supplementary submissions by clicking on:

[Supplementary Submission #3](#); and

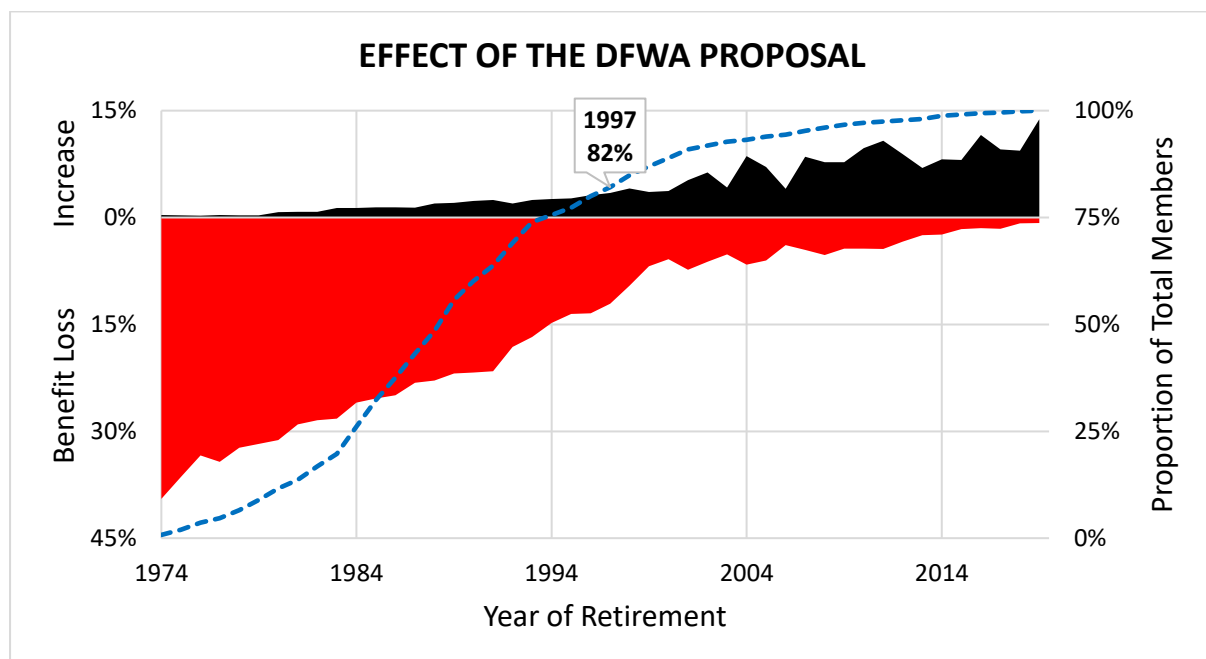
[Supplementary Submission #4](#).

### The Solution proposed by Defence Force Welfare Association (DFWA)

In our May Update, we expressed concern over the solution proposed by DFWA to substitute the 1960-1962 Life Expectancy Factors with those that would have applied at the time members retired and re-calculate the rate of benefits to the present day.

To illustrate the effect of that proposal, we made that substitution in our database of 650 case studies. Thus, for example, if the year of retirement were between 1983 and 1987, the effective Life Tables would have been the 1980-1982 Life Tables. However, where the effective Life Tables would have reduced life expectancy, the 1960-1962 Expectation of Life Factors were retained.

The resultant increase, relative to the benefit loss due to CPI linked and partial indexation, is shown below:



As is evident, the resultant increase is insignificant for more than 80% of DFRDB recipients, and the effect is the opposite of the detriment suffered by DFRDB recipients.

Under the DFRDB Act, members who commuted will, on average, repay their commutation lump sums 1.5 times if they live to the age of 87. But the DFWA proposal does not seek any reimbursement of the excess repayments.

After reviewing the DFWA testimony at the Public Hearing, it was clear that the presenters were advocating on behalf of Treasury, with the solution being proposed a slap in the face of a large majority of DFRDB recipients.

***Jim Hislop OAM***