

EXPLANATORY MEMORANDUM
Defence Force Retirement Benefits (Amendment) Act 2015

The Bill proposes:

To amend the *Defence Force Retirement Benefits Act 1974* to allow members of the Defence Force Retirement Benefits Fund (the Fund) to elect to move to an accumulation account under the Fund by 1 July 2016.

The legislative changes will allow existing members who wish to retain a pension to stay as members of a defined benefit account under the Fund, while others are able to move to an accumulation account following a one-off irreversible election.

The ability to choose an accumulation scheme, like those available to other State employees, was supported by 83 per cent of members who participated in a survey on the direction of their fund.

All new contributors to the Defence Force Retirement Benefits Fund from 1 January 2016 will be admitted to the accumulation account.

The Defence Force defined benefit account will therefore be closed to new members.

For accumulation account members, the State's superannuation contribution of 8.4 per cent will be remitted through the Government's payroll system on a fortnightly basis.

For defined benefit account members, the State's superannuation contribution will be paid as a pension on exit.

The fund trustee, Comrade Trustee Services Ltd, will advertise the changes to members and arrange the election. Members will be given individual advice on their benefits calculated under the supervision of a qualified actuary.

Invalidity benefits and death benefits, which are current entitlements under the *Defence Force Retirement Benefits Act 1974*, will be extended to members of the accumulation account.

SECOND READING SPEECH

DEFENCE FORCE RETIREMENT BENEFITS (AMENDMENT) ACT 2015

MR SPEAKER,

THE BILL PROPOSES:

1. THIS AMENDMENT WILL CREATE A SEPARATE ACCUMULATION ACCOUNT TO BE ADMINISTERED BY THE DEFENCE FORCE RETIREMENT BENEFITS FUND.
2. ALL NEW CONTRIBUTORS TO THE DEFENCE FORCE RETIREMENT BENEFITS FUND FROM 1 JANUARY 2016 WILL BE ADMITTED TO THE ACCUMULATION ACCOUNT. ALL EXISTING MEMBERS WILL BE ABLE TO ELECT TO TRANSFER THEIR EXISTING ENTITLEMENTS TO THE ACCUMULATION ACCOUNT BY 1 JULY 2016, OR ANY LATER DATE PUBLISHED BY THE MINISTER IN THE NATIONAL GAZETTE.
3. THE AMENDMENT PROVIDES ENTITLEMENTS TO INVALIDITY AND DEATH BENEFITS FOR MEMBERS OF THE ACCUMULATION ACCOUNT.

MR SPEAKER, I COMMEND THE BILL.