



RETIREMENT PAY

DFRDB ACT 1973

This Retirement Pay Package is divided into three parts, ie:

- Explanatory Notes
- Application for Retirement Pay
- Election for Commutation

The explanatory notes are a guide to assist you in completing your "Application for Retirement Pay" (Form D20) and if applicable, your "Election for Commutation" (Form D21) and should be retained by you for your records.

If you are entitled to receive retirement pay, as outlined in the explanatory notes, you should use this package. If you are being retired on medical grounds you should use the Invalidity Benefits package. In other cases you should use the Refund and Gratuity or Preservation of Rights package as appropriate.

Explanatory Notes

RETIREMENT PAY (Form D20)

Retirement pay is paid to contributing members who retire:

- after completing 20 years effective service; or
- after reaching the retiring age for their rank AND completing at least 15 years effective service; or
- who have previously received DFRB/DFRDB benefits.

The rate of retirement pay is based on completed years of effective service and is a percentage of the annual rate of pay for DFRDB purposes at retirement.

COMMUTATION (Form D21)

Meaning of Commutation

Commutation is a conversion of part of your future retirement pay to a lump sum. Once the conversion is made the portion commuted cannot be restored.

Who may Commute

You are entitled to elect to commute if you have been retired on other than medical grounds or have been retired on medical grounds and are classified Class C on retirement and have:

- completed 20 years effective service on retirement; or
- completed 15 years effective service on retirement and been retired on or after reaching retiring age for rank held.

Amount of Commutation

The maximum lump sum which may be paid is equal to your annual rate of retirement pay at retirement multiplied by your maximum commutation factor. This factor is based on your actual date of retirement in accordance with the schedule below.

For example, if you retire, say, on or after 1.7.89 and before 1.7.90, your maximum commutation factor is 4.35.

Note that you may commute less than your maximum entitlement.

Retirement in the 12 months commencing:

From	Factor	Date	Factor	Date	Factor	Date	Factor
1.7.87	4.25	1.7.91	4.45	1.7.95	4.65	1.7.99	4.85
1.7.88	4.30	1.7.92	4.50	1.7.96	4.70	1.7.00	4.90
1.7.89	4.35	1.7.93	4.55	1.7.97	4.75	1.7.01	4.95
1.7.90	4.40	1.7.94	4.60	1.7.98	4.80	1.7.02	5.00

Reduced Retirement Pay

Your reduced fortnightly retirement pay following commutation is determined in accordance with your life expectancy (as stipulated in Schedule 3 of the DFRDB Act 1973) at the date your election to commute takes effect. The reduction in your fortnightly rate also takes effect from that date.

Lump Sum Taxation

Under the Income Tax Assessment Act 1936, the portion of your Commutation Lump Sum regarded as an Eligible Termination Payment is subject to a Pay-As-You-Earn (PAYE) tax deduction. For information concerning your options regarding the method of calculating and deducting PAYE tax from your Commutation Lump Sum you should obtain a copy of the leaflet "Taxation" which is issued by the Authority and available at all Discharge Centres.

REJOINING THE DEFENCE FORCE

Without a break in full-time service

If you are discharged and, without a break in continuity of your service, rejoin another arm of the Defence Force (including the Reserve) on continuous full-time service, you are regarded for DFRDB purposes as not having been discharged. Therefore, you are not entitled to DFRDB benefits and you should not complete this form.

With a break in full-time service

Re-entry for less than 1 year - You will continue to receive your retirement pay and will be ineligible to pay DFRDB contributions. On the second (or subsequent) exit there is no entitlement to additional benefits.

Re-entry for more than 1 year - Your retirement pay will be cancelled and you will be obliged to recommence DFRDB contributions. On the second (or subsequent) exit, your retirement pay will be re-assessed. No additional commutation is available.

If you re-enter for 1 year or more, you must notify the Authority in writing within 14 days of your re-entry.

Application for Retirement Pay (Form D20)

When to complete

Usually as part of discharge procedures but not more than 90 days before discharge.