

SUMMARY OF CHANGES

RETIREMENT BENEFITS REGULATIONS 2005

Interpretation

The definition of 'salary' has been amended in two ways:

- (i) lump sum payments for annual and long service leave taken on termination of employment are excluded from the definition of salary.
- (ii) payments of salary made after the cessation of employment are not included in a contributor's defined benefit calculation.

The definition of 'surviving partner' has been amended to provide for the payment of benefits to a surviving partner where that person was living with the member on a genuine domestic basis prior to the death of the member or where that person was in receipt of significant financial support from the member.

Corporate Plan

A process is prescribed for the preparation of the RBF's Corporate Plan. These provisions basically replicate the corporate planning provisions found in the *Government Business Enterprises Act 1995*.

Appointment of Actuary

The Minister rather than the Governor will have the authority to appoint the State Actuary.

Obligation of certain employees to contribute

- (i) the reference to the requirement to continue contributing until reaching 'retirement age', meaning 65 years of age, has been changed to refer to the age of 70 years.
- (ii) a contributor is prevented from retrospectively upgrading their contribution rate beyond the previous maximum of 11 per cent.

Commencement and cessation of contributions

Where a person ceases to be a permanent or temporary employee and subsequently commences casual employment, their contributions to the Contributory Scheme must cease. A definition of 'casual employee' has been included in the regulations for this purpose.

Rates of contribution and related matters

The discretion held by the Board in relation to contribution rates has been removed. The maximum contribution rate is prescribed as being 15 per cent.

Members of the Contributory Scheme are provided with the option of paying their contributions by way of salary sacrifice.

Interim invalidity pensions

Where a person has been in receipt of an invalidity pension for the maximum two year period is able to return to work, they may re-enter the Contributory Scheme and be treated as having been on leave without pay from the time of cessation of the interim pension until they return to work.

If before receiving an interim invalidity pension, a person reduces their work hours as a result of their illness, their pension will be calculated on the basis of the salary that they would have received had their work hours not been reduced.

Interim pensions for surviving partners

Where the member, prior to death, has reduced their hours due to illness the Board has the ability to pay an interim spouse pension on the basis of the deceased member's full-time salary.

Member investment options

The Board is required to advise members of the availability of investment options and advise what the default option will be in circumstances where no direction is received from the member.

Conversion of lump sum benefit to pension

The dollar limits detailing the amount of benefit that can be taken as a lump sum for a Contributory Scheme member who retires by reason of incapacity have been increased from \$40 000 to \$50 000, and \$20 000 to \$30 000 respectively.

Where it has been certified by two medical practitioners that a person is suffering a terminal illness from which they are likely to die within twelve months, the limit in relation to the amount of lump sum that can be taken does not apply.

Fixing of interest rates

The Board has been given discretion, subject to obtaining advice from the State Actuary, in relation to the fixing of interest rates.

Power of Board to determine invalidity

The Board has been provided with discretion to determine whether a contributor who, at some previous time had been in receipt of an interim invalidity pension, and who had returned to work, is eligible for a subsequent interim invalidity pension.

Broken service

The circumstances where the Board may make a determination in relation to "broken service" have been limited to breaks not exceeding six weeks where the person has resigned and subsequently recommenced employment with the Government. A break in service of three months can be rectified where the member resigns to contest an election, or where service is broken for any other reason.

Medical examinations

When determining that a limited benefits contributor has completed ten years of continuous service so as to be deemed to be a full benefits contributor, purchased service and periods of sick leave without pay are not to be included in the required ten-year period.

Power of Board to reinstate lost rights

The Board is not able to approve the use of an Actuarial factor other than the factor in force at the time of an application being considered by the Board.

Statutory hearing

The time limit for an applicant to elect to be heard before the Board has been increased from 14 to 21 days from the date of notification of the original decision.

Power to apply to Supreme Court for declaration as to validity

A time limit of six months from the date of notification of a Board decision has been imposed on people seeking to make an application to the Supreme Court in respect of a Board decision.

Proof of service of notices and documents

The Board may maintain electronic copies of notices or documentation as proof of service.

Applications for pensions and lump sum payments

The Board has been provided with discretion to prescribe what evidence is required in each case. A nexus to the question to be determined has been retained to limit the scope of the Board's authority in requesting information from members.

Election of Members of Board

Amendments have been made to allow persons to whom the *Retirement Benefits (Parliamentary Superannuation) Regulations 2002* apply to participate in the Board elections as if they were members of the Contributory Scheme.

Calculation of Certain Pensions for, or in respect of, existing Contributors

The prospective service for certain females who were contributors for the purposes of either the *Retirement Benefits Act 1970* or the *Superannuation Act 1938* has been reduced from 65 years to 60 years. This limitation was previously omitted and as such, this group of contributors had the potential to receive an anti-detriment benefit in excess of their entitlements under the original legislation.