



MINISTER FOR
DEFENCE SCIENCE AND PERSONNEL
PARLIAMENT HOUSE, CANBERRA, A.C.T. 2600

8 August 1990

Dear Member

In recent years the Government has placed great emphasis on helping all Australians provide for their retirement. We are now introducing a new and thoroughly modern superannuation scheme for the Defence Force which will be called the Military Superannuation and Benefits Scheme (MSBS).

The MSBS is a product of an independent Committee which reviewed the DFRDB Scheme. It was chaired by Sir William Cole; the ADF was represented by Major General D.C.J. Deighton RL and the third member of the Committee was Mr L.J. Carden, a retired businessman. The Government has accepted the Committee's recommendation for the introduction of a totally new scheme to replace the DFRDB Scheme for all new members. In accordance with the guarantee given by the Government when it announced the Review, the DFRDB Scheme will remain for existing members who do not wish to join the MSBS.

The MSBS includes all the important features which are now expected in modern superannuation schemes. It introduces the choice of a lump sum retirement benefit, or a pension, or a combination of both; flexible contribution rates and an investment fund for members' contributions. In addition it provides substantial benefits for those many men and women who will not achieve 20 years service in the Defence Force. It offers a cash payout to those who leave the Services in mid-career while the benefits payable to families in the event of invalidity or death are substantial.

The most innovative of all the MSBS's features is the introduction of a retention benefit of one year's salary payable in exchange for a commitment to serve for another five years.

The retention benefit will be implemented in a somewhat different form to that recommended by the DFRDB Review Committee. This is necessary to ensure that it conforms with national wages policy.

This benefit will be selective. It will be offered to all members when they are promoted to the rank of sergeant (E) (other ranks) and major (E) (officers) but not before they have completed 15 years of service. It will be offered to all officers who have been promoted from the ranks who complete 15 years of service, no matter what

rank they hold at that time. In recognition of the fact that there also is a need to maintain certain specialist skills in categories where promotion to the required rank is unlikely to occur, the Government has agreed that there should be some flexibility in the administration of these criteria.

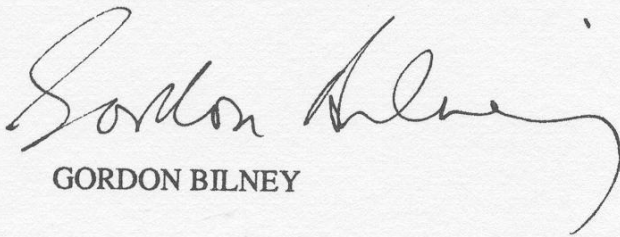
Members must be certified medically fit to serve for another five years before they will be offered the retention benefit.

Existing members will be offered generous transitional arrangements on entry into the MSBS.

I expect these features will make the MSBS popular with the majority of members of the Defence Force.

Over the next 12 months or so you will be given extensive information and counselling to assist with your decision whether to stay in the DFRDB Scheme or transfer to the MSBS. This information package is the first stage of this process. I urge you to read it carefully. The decision you will be asked to make when the transfer period begins on 1 October next year will be an important financial decision. It will be worth the time and effort involved in studying this package to ensure that you choose the scheme which suits you best.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Gordon Bilney', written in dark ink. The signature is fluid and extends across the width of the text area below it.

GORDON BILNEY