

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Veterans' Affairs

MILITARY SUPERANNUATION AND BENEFITS AMENDMENT TRUST DEED 2007 (No. 2)

The Schedule to the Trust Deed made by the Minister for Veterans' Affairs under section 5 of the *Military Superannuation and Benefits Act 1991* ('the MSB Act') contains Rules ('the MSB Rules') which deal with the benefits to be provided to members of the MSB Scheme upon retirement, or to dependants of deceased members of the scheme. The benefits payable are a member benefit based on member contributions, accrued MSB Fund earnings and an employer benefit which includes employer contributions.

Section 5 of the MSB Act provides that the Minister may amend the Trust Deed (including the MSB Rules) by a signed instrument. This is a legislative instrument for the purpose of section 44(2) of the *Legislative Instruments Act 2003*.

Schedule 1 is amended to allow for consistency of terminology throughout the Rules. The amendment also includes a definition of *DFRDB member* and corrects a typographical error.

Schedules 3, 6 and 8 are amended to provide clarity in administering the calculation of maximum benefit limits, eligible service and the employer benefit. Amendments to Schedule 8 add clarity to a number of definitions that relate to Maximum Benefit Limits.

The Military Superannuation and Benefits Amendment Trust Deed 2007 (No. 2) will commence on the day after it is registered.

Even though this instrument is beneficial in nature, consultation in respect of this instrument has taken place between the Directorate of Superannuation in Defence, the Military Superannuation and Benefits Board of Trustees No. 1, Commonwealth Superannuation Administration and the Office of Legislative Drafting.

Clause 1 cites the full title of the Trust Deed amendment.

Clause 2 provides for commencement on the day after the Trust Deed is registered.

Clause 3 provides for the amendment to the Trust Deed.

Schedule 1 – Amendments

Item 1- Rules, paragraph 87 (1) (b)

This item omits the term “the age of 55” and inserts the term “his or her preservation age”. The amendment allows for consistency throughout the rules.

Item 2 – Rules, Schedule 1, Part 1, definition of *DFRDB* member

This item substitutes a new definition of *DFRDB* member for the purposes of these Rules.

Item 3 – Rules, Schedule 1, Part 1A, sub-subparagraph 1B (a) (ii)

This item omits the term “bon fide domestic basis” and inserts the term “bona fide domestic basic”. This corrects a typographical error.

Item 4 – Rules, Schedule 3, paragraphs 1, 2, 3 and 4

This item substitutes new paragraphs 1, 2, 3 and 4 to provide clarity to the method used to calculate maximum benefits limits.

Item 5 – Rules, Schedule 6, paragraph 2

This item substitutes a new paragraph 2 to provide clarity to service that is not to be included in subparagraph 1 (a) for the purpose of calculating eligible service.

Item 6 – Rules, Schedule 8, Part 1, subparagraph 1 (j)

This item omits the term “member” and inserts the term “member; or”. This amendment corrects a drafting error.

Item 7 – Rules, Schedule 8, Part 1, after subparagraph 1 (j)

This amendment allows Schedule 8 (Calculation of employer benefit), Part 1 to apply to an invalidity retiree who is a maximum benefit limit member and who is classified, or is taken to be classified, as Class C under rule 22.

Item 8 – Rules, Schedule 8, Part 3, paragraph 6

This amendment substitutes a new paragraph 6 to provide clarity to the eligibility requirements for the calculation of the employer benefit in relation to persons with not less than 7 years’ aggregated service or persons who are certain invalidity retirees.

Item 9 – Rules, Schedule 8, Part 5, paragraph 11

This amendment substitutes a new paragraph 11 to provide clarity to the eligibility requirements for the calculation of employer benefit of a maximum benefits limit member (other than an invalidity retiree).

Item 10 – Rules, Schedule 8, Part 5, paragraph 12, definition of LSMBMC

This amendment clarifies the definition of a person's lump sum maximum benefit multiple on ceasing contributions.

Item 11 – Rules, Schedule 8, Part 5, paragraph 12, definition of LSMBMR

This amendment clarifies the definition of a person's lump sum maximum benefit multiple on retirement.

Item 12 – Rules, Schedule 8, Part 5, paragraph 13, definition of PMBMC

This amendment clarifies the definition of a person's pension maximum benefit multiple on ceasing contributions.

Item 13 – Rules, Schedule 8, Part 5, paragraph 13, definition of PMBMR

This amendment clarifies the definition of a person's pension maximum benefit multiple on retirement.