



Social Security (Pension Valuation Factor) Determination 2018

I, Paul Fletcher, Minister for Families and Social Services, make the following Determination.

Dated 25 November 2018

Paul Fletcher
Minister for Families and Social Services

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1 Name

This instrument is the *Social Security (Pension Valuation Factor) Determination 2018*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	The day after this instrument is registered.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under subsection 1120(3) of the *Social Security Act 1991*.

4 Definitions

Note: A number of expressions used in this instrument are defined in section 23 of the Act, including the following:

- (a) defined benefit income stream;
- (b) governing rules.

In this instrument:

Act means the *Social Security Act 1991*.

relevant year means the 12 month period for which the value of a person's income stream is being worked out for section 1120 of the Act.

5 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

6 Pension valuation factor — indexation of income stream

If the indexation factor for a person's defined benefit income stream for a relevant year is worked out in accordance with section 7 or 8, the pension valuation factor that applies to the person for that year is the pension valuation factor mentioned in Schedule 2 for:

- (a) the age of the person on the person's next birthday following the beginning of the relevant year; and
- (b) the indexation factor for the person's income stream.

7 Indexation factor — non-discretionary indexation of income stream

- (1) For section 6, if, under the governing rules of the fund paying a person's defined benefit income stream, the income stream is indexed in a non-discretionary way, the indexation factor for the income stream is worked out in accordance with this section.
- (2) If the income stream is indexed by reference to movements in salary, the indexation factor is taken to be a rate of at least 4% but less than 5%.
- (3) If the income stream is indexed by reference to movements in a price index published by the Australian Statistician, the indexation factor is taken to be a rate of at least 2.5% but less than 3%.
- (4) If the income stream is indexed in accordance with a rate set by the governing rules, the indexation factor is taken to be the range of rates set out in Schedule 2 that includes that rate.
- (5) If the income stream is indexed by more than 8%, the indexation factor is taken to be a rate of 8%.
- (6) For this section, an income stream is indexed in a non-discretionary way if it is indexed otherwise than as described in subsection 8(1).

8 Indexation factor — discretionary indexation of income stream

- (1) For section 6, if, under the governing rules of the fund paying a person's defined benefit income stream, the income stream is indexed by discretionary determination of trustees of the fund, the indexation factor for the income stream is worked out in accordance with this section.
- (2) Unless subsection (4) applies, the indexation factor is the average of the indexation factors determined for the person's income stream for the 5 years immediately preceding the relevant year.
- (3) The average of the indexation factors is the sum of the indexation factors determined for the person's income stream, or for a class of income streams that includes the person's income stream, for the 5 years, divided by 5.
- (4) The indexation factor is taken to be the range of rates set out in Schedule 2 that includes the average of the indexation factors worked out under subsection (3).

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- (5) If the fund has been in existence, or making income stream payments to the person, for less than 5 years, the indexation factor is taken to be a rate of at least 2.5% but less than 3%.
 - (6) If the income stream is indexed by more than 8%, the indexation factor is taken to be a rate of 8%.

Schedule 1—Repeals

Social Security (Pension Valuation Factor) Determination 1998

1 The whole of the instrument

Repeal the instrument

Schedule 2—Pension valuation factors

Age of person on next birthday	Indexation factor for person's income stream									
	At least 7% but less than 8%	At least 6% but less than 7%	At least 5% but less than 6%	At least 4% but less than 5%	At least 3% but less than 4%	At least 2.5% but less than 3%	At least 2% but less than 2.5%	At least 1% but less than 2%	Less than 1%	
	Pension valuation factor									
20 or less	82	60	45	35	28	23	21	19	16	14
21 to 25	74	55	42	33	27	22	20	19	16	14
26 to 30	66	51	40	32	26	21	20	18	16	14
31 to 35	58	46	37	30	25	21	19	18	15	13
36 to 40	51	41	33	28	23	20	18	17	15	13
41 to 45	44	36	30	25	22	19	17	16	14	13
46 to 50	38	32	27	23	20	17	16	15	13	12
51 to 55	32	27	24	21	18	16	15	14	13	11
56 to 60	26	23	20	18	16	14	14	13	12	11
61 to 65	21	19	17	15	14	12	12	11	10	10
66 to 70	16	15	14	12	11	11	10	10	9	8
71 to 75	12	11	10	10	9	8	8	8	7	7
76 to 80	9	9	8	8	7	7	7	7	6	6
81 to 85	6	6	5	5	5	5	5	4	4	4
86 to 90	4	4	4	3	3	3	3	3	3	3
91 to 95	3	3	3	3	3	3	3	3	3	3
96 to 100	3	2	2	2	2	2	2	2	2	2
101+	1	1	1	1	1	1	1	1	1	1