

AUSTRALIAN VETERANS AND DEFENCE SERVICES COUNCIL INCORPORATED “ AVADSC ”

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CONCLUSIONS FROM CASE STUDIES PROVIDED TO AVADSC BY VETERANS

Introduction

For many years the erosion of the superannuation benefits to retired service personnel has been a major source of concern, particularly the methods of indexation, which has resulted in a decline of their living standards. A number of government enquiries have occurred to which the RSL, DFWA and AVADSC have made submissions. However, nothing has been changed and no progress has been made to adjust the declining situation.

Hence, the AVADSC and the other larger organisations of current and ex-military personnel have committed to continue the fight to ensure that the retired pay of military superannuants meets the “Principle of Adequacy” as enunciated in the Report of the Review into Military Superannuation Arrangements “to provide all members of the ADF, both short-term and long-term, with a level of benefit that facilitates the maintenance of living standards, both on and through retirement.” All that is expected is that they will be able to live to a reasonable standard, not an unreasonable expectation of people who have served this country in its military services and one which places a true value on their worth.

To further its case with the Government, AVADSC has developed a portfolio of actual case studies without names but based on real people to demonstrate the failure of retired pay to maintain quality of life standards. The letter requesting case studies is attached at Annex A.

The Replies

Rank on Discharge

Replies to the request for case studies were received from personnel who had served in all three services including senior NCOs warrant officers and officers of the ranks equivalent of major, lieutenant colonel and colonel. The fact that responses were received from retired officers of the lieutenant colonel and colonel equivalent demonstrates that by their assessment they are not able to maintain living standards.

Number of Years' Service

In the majority of cases the personnel had taken discharge or retirement after 20 to 30 years' service and had sought civilian employment. One was medically discharged before completing 20 years.

Age on discharge

Of those who had completed 20 or more years' service, the age on discharge ranged from late 30s, with the majority in their 40s while some officers had retired in their 50s.

Retired pay on discharge

The retired pay on discharge of the personnel ranged from \$9,000 to just over \$16,000 with the majority about \$15,000.

Current retired pay under military superannuation

The current retired pay under military superannuation ranged from \$13,000 to \$39,000. More than half of the respondents receive in excess of \$25,000, most of whom are officers. About 20 percent receive less than \$20,000 per annum, most of these being NCOs.

Employment and superannuation history after discharge

Most of the officers obtained some employment on discharge which contributed statutory superannuation funds while the NCOs reported some difficulty in finding steady employment.

Employment and superannuation history of spouse

Very few spouses of the respondents had careers which contributed to the superannuation benefits of the couple. Posting cycles had prevented continuation of careers of spouses.

Home ownership factors, ie, whether still paying a mortgage

Nearly all respondents reported current mortgage commitments.

Sources of income other than superannuation and social welfare

About one third of respondents reported additional income from Department of Veterans' Affairs in the form of Gold Card and small disability pensions, which of course are only available to those with war service, and some reported additional income from small investments.

Annual rate of pay for same rank in Defence Force

Not surprisingly, all respondents reported current rates of pay for the same rank at which they departed the ADF as very much higher.

Access to social welfare.

A little under half of the respondents reported the need for assistance from social welfare via the safety nets available from Centrelink.

Conclusions

From the replies received from the request, the initial specific conclusions which can be drawn are:

- a. Officers who have retired after more than 20 years' service are now receiving military retired pay in the high \$20,000s and \$30,000s. Most, however, have been able to find long term employment which has added to their income in retirement.
- b. Non Commissioned Officers who have retired after 20 years' service are receiving military retired pays of less than \$25,000 and in some cases only in the order of \$15,000. Also, such personnel have found it more difficult to find long term employment to supplement their military retired pay.
- c. Few spouses of retired military personnel have careers which have contributed to the retirement income of the couple.
- d. Many retirees are still paying mortgages.
- e. Only about half of the retirees receive supplementary benefits from the Department of Veterans' Affairs.
- f. Some have to seek social welfare assistance from Centrelink.
- g. Salary levels of military personnel have increased significantly and are now probably more in line with civilian salaries.

A general conclusion is that the current military retired pay of officers to the rank of colonel and senior NCOs, who retired during the 1970s and 1980s, and before, is not adequate enough to maintain reasonable living standards. Those who do have a reasonable standard of living do so only by supplementing their income from additional superannuation, private investments, or the safety net provided in some cases by DVA. The others have no option but to seek assistance via the safety nets available from Centrelink, a deplorable situation for those who served all, or a large percentage of their working life in the ADF, and were assured that superannuation arrangements were in place to maintain a reasonable standard of living in retirement. Thus, AVADSC will continue its project to identify and highlight the erosion of the superannuation benefits of retired service personnel which has been exacerbated by the methods of indexation and has resulted in a decline of living standards of retired service personnel.

signed
 I McL Crawford
 Rear Admiral (Ret'd) RAN
 National President
 20 July 2010

Annex A Letter of Request for Case Studies