



## The Hon Darren Chester MP

Minister for Veterans' Affairs

Minister for Defence Personnel

Minister Assisting the Prime Minister for the Centenary of ANZAC

MC18-002540

- 3 DEC 2018

Mr James Brown  
President  
RSL NSW  
ANZAC House  
245 Castlereagh Street  
SYDNEY NSW 2000

Dear Mr *James* Brown

Thank you for your correspondence of 2 August 2018 concerning motions resolved by delegates, at the NSW State Congress of the Returned and Services League of Australia (RSL).

I note the motions on a range of matters from the State Congress that you have forwarded. I have asked the Department of Veterans' Affairs and the Department of Defence to fully consider these proposals and respond as appropriate. I have enclosed these responses for your information.

Thank you for taking the time to write.

Yours sincerely

**DARREN CHESTER**

Encl

**Motion:**

*That RSL NSW make representations to the Australian Government regarding the issue of Defence pensions being included in the calculation of the gross value of ex Defence members self-managed superannuation funds and the imposition thereof of tax at 15 per cent for any values above the newly set cap.*

**Response:**

The Government has legislated a package of measures announced in the 2016–17 Budget that will improve the sustainability, flexibility and integrity of our superannuation system. As Australia's population ages and fiscal pressures increase, it is important that superannuation tax concessions are affordable and well-targeted.

A core part of this package is the introduction of a transfer balance cap that will require individuals with more than \$1.6 million in the retirement phase to roll the excess into an accumulation phase account or withdraw it from the superannuation system. All superannuation pensions, including Defence pensions, will be subject to the transfer balance cap.

The purpose of the transfer balance cap is to better target the superannuation tax concessions, ensuring that the superannuation system is being used for its core purpose of providing income in retirement to supplement or substitute the Age Pension. Better targeting of the superannuation tax concessions will improve the long-term sustainability of the superannuation system.

Defined benefit pensions (such as those paid under the DFRB scheme, the DFRDB scheme, the MSB scheme and the ADF Cover scheme), present a challenge for the transfer balance cap because these pensions typically do not have an account balance and are generally unable to be commuted back to the accumulation phase. In place of an account balance, defined benefit pensions will all be valued using a factor of 16.