



The hidden civilian expenses ADF members may not think of ...

**Civilian Literacy on the Cost of Living
ADF Member and Family Transition Seminar
Joint Transition Authority**





Career and Leave

Family and Dependents

Financial

Health and Wellbeing

Housing and Communications

Postings and Relocations

Service within the ADF provides financial benefits to members and their families to compensate for the depravations associated with being ready, employable and deployable. There are also benefits for families who are often posted to remote locations.

When members leave the ADF they may not be aware of the costs of living civilians pay that ADF members receive as part of their conditions of service.

The purpose of this presentation is to assist transitioning members and their families in financial planning for post-service life when conditions of service are no longer received.

ADF Career

- The Military Factor Allowance Framework compensates for deprivations of specific types of work and the disruptions imposed by service on life beyond work.
- New categorisation framework to recognise modern family compositions, including financial assistance to maintain connections.
- New location framework to compensate members and their families for living in remote locations.
- Competitive salary that is increasing annually at a higher rate than inflation.

ADF Leave

- Five weeks paid leave per year, plus the Christmas stand-down period (Australian minimum is four weeks, including the Christmas period).
- Indefinite sick leave to adequately recover from illness or injury.
- Ten days carers leave, which a delegate can extend based on the specific circumstances of the situation.

ADF Family Health Program

- Dependants of permanent ADF members and dependants of Reservists on Continuous Full-time Service can register for the program.
- The program allows each dependant to claim a benefit of up to \$800 per financial year for a variety of health services from allied health; General Practitioner; Specialist (outpatient) and Diagnostic and Radiology service.
- The \$800 per dependant amount is combined as a family amount and is automatically transferred between family members (e.g. a spouse and two dependants have can claim up to \$2400 per FY).

Education support

- When you're posted to a new location in Australia, Defence may provide assistance for your child if they need to move schools.
- If eligible, you may be able to claim costs of tutoring within the first 18 months of your child starting at a new school.
- The assistance you get is to help your child maintain their education standards so that they don't fall behind because of your posting.
- Defence will provide assistance with child care, worth \$xx.

Financial Implications of Leaving the ADF

Financial

Housing Assistance

- Defence Home Ownership Assistance Scheme (DHOAS) payments help to reduce a member's mortgage amount and adjust in-line with inflation increases. DHOAS payments are based on a tiered system related to length of service. DHOAS payments can last up to a maximum of 25 years, but will cease at a point in time if no further service pattern is fulfilled.

Superannuation

- ADF members permanent or on Continuous Full-time Service (who joined from 2016 onward) receive 16.4% in employer contributions in either ADF Super or another superannuation fund of their choice. The minimum contribution by all other Australian employers is 11%.
- Older Military Superannuation Benefits Scheme (MSBS) and Defence Force Retirement & Death Benefits Scheme (DFRDB) schemes provide defined benefits that cannot be compared to standard superannuation.
- Once transitioned there are a variety of schemes available to contribute to:
 - Private superannuation funds
 - Industry superannuation funds
 - ADF Super (if not an MSBS or DFRDB member).

Salary packaging and sacrificing

- Not all civilian employers will allow salary packaging.
- If you have a current salary package you will need to speak to your future employer and your salary packaging provider to work out your options.

- The **ADF Financial Service Consumer Centre (ADFFSCC)** has a number of tools on their website.
- These include:
 - A budget formulation tool, to assist you in calculating all the financial obligations you are currently servicing.
 - A package estimator into which helps you identify the additional money you will need to pay for services provided as part of conditions of service while a member.
- <https://adfconsumer.gov.au/employment-package-estimator/>

Medicare Levy and Surcharge

Medicare Levy

All civilians pay a 2% Medicare Levy based on their taxable income.

Medicare Levy Surcharge

You could be paying additional tax if you do not have private hospital cover and your combined taxable income is:

- more than \$186,000 for couples and families
- more than \$93,000 for singles.

Medicare Levy Surcharge does not apply if you take out private hospital cover.

Permanent ADF members or Reservists on Continuous Full-time Service are Medicare Levy exempt.

Example:

A single person earning \$136,000 with no private hospital cover pays:

1.25% Medicare Levy Surcharge

Tax = \$1,700

The Public Healthcare System, Medicare Benefits Schedule and Ambulance

Health and Wellbeing

Out of Hospital

- **Medicare Benefit Schedule (MBS)** is a defined benefit for general practitioners and specialist out of hospital services.
- GPs that “bulk bill” means the MBS fee is fully covered for certain services.
- Health insurers cannot fund out of hospital services.

Prescription Medicine

- The **Pharmaceutical Benefits Scheme (PBS)** subsidises the cost.
- If a medicine is not on PBS, health insurance can assist with the costs.
- Subsidy caps prescription medications at **\$30.00**.

Example of GP costs	Regular Fee	Medicare Rebate	Out of Pocket
Standard consult (< 20 min)	\$84	\$38.75	\$45.25
Long consult (20-40 min)	\$130	\$75.05	\$54.95
Prolonged consult (> 40 min)	\$190	\$110.50	\$79.5

Ambulance Cover
You can arrange ambulance cover through a private health fund or from your state or territory ambulance authority. Check with your health Fund!

Costs vary between practices and location of practice.

Private Hospital Charges

Health and Wellbeing

Health funds will pay all or most of the hospital costs

Mind the gap
ask your doctor, fund and hospital about gap payments

Doctors or specialists are required to inform you of the costs of your treatment before surgery

Doctors or specialists may participate in:

- No gap
- Known gap
- No agreement to cap or eliminate out-of-pocket costs

Benefits example in an agreement hospital

Colonoscopy	No Gap Cover Scheme, Agreement Hospital	Gap Cover Scheme, Agreement Hospital
Surgeon's fee	\$700	\$538.40
MBS fee	\$334.35	\$334.35
Medicare pays 75% of MBS	\$250.80	\$250.80
Fund pays 25% of MBS	\$83.55	\$83.55
Additional benefit paid by fund to doctor as a gap cover provider	N/A	\$204.05
Patient pays	\$365.65 for procedure + Your chosen health insurance excess	\$0 for procedure + Your chosen health insurance excess

Challenges to be aware of

Dental

- Whilst serving you are provided with free dental. The cost of dental services over and above basic check-ups can be very high.
- **Periodic check-up:** according to the Australian Dental Association (ADA) data from 2022, the average cost of a periodic check-up including an examination, scale and clean and a fluoride treatment is around **\$219** (this varies by dentist and state).
- **Other procedures:** other dental procedures can be very costly. For example, the cost of wisdom teeth removal varies depending on where you live, your clinical circumstances, the options open to you, and which of those you choose. The average costs could be:
 - simple case at your normal dentist (including local anaesthetic) – average \$149 to \$300 per tooth
 - complex case in hospital or day surgery by a specialist (day surgery and anaesthetist fee not included) – average \$315 to \$599 per tooth.

Health insurance

- To assist with the cost of dental procedures it may be worth considering health insurance.

Challenges to be aware of

Medical and Dental

- Whilst serving you are provided with free medical and dental 24/7

Health and Fitness

- Typical gym membership costs of \$25 - \$100 per week

Health insurance

- The Government encourages people to take out health insurance. There are two types of private health insurance cover:
 - hospital cover, for in-hospital treatment
 - ancillary or 'extras' cover, for ambulance, optometry, dental, physiotherapy and other health services
- many consumers hold a combined policy that includes both hospital and extras
- once transitioned you may wish to join a Health Fund to help pay for any future medical and dental needs
- **averaged Health Fund Costs (Hospital only):**
 - Single = (between \$2,257 and \$2,713)
 - Couple = (between \$4,495 and \$5,399)
 - Family = (between \$4,615 and \$5,461) **

Challenges to be aware of

Some Generic Medical and associated costs

- **Income Protection:** \$53 - \$168, P/Month (dependant on wage)
- **Ambulance Cover:** Standard \$44, Premium \$57, Per/annum
- **Appendectomy:** can cost anything up to \$6,000
- **MRI Scan:** Up to \$850
- **Orthotics:** fully customised \$800-\$900

Concession and Health Care Cards

Concession and health care cards can get you cheaper health services and medicines. There are numerous types of cards:

- **DVA White and Gold Cards**
- **Commonwealth Seniors health Card**
- **Pensioner Concession Card**
- Other concessions may be available dependant on your personal family circumstances through your state or territory on their health Services websites.

** Source: [How much Does Private Health Insurance Cost? | Canstar](#)
@ Source: www.bupa.com.au

Challenges to be aware of

- **Rent:** if you live-in, are receiving rental allowance or reside in a DHA residence your rent is subsidised. For example (a CPL and dependants receiving RA in Sydney for a 3 bedroom house):

Sydney	In Service	Post Service
Rental - P/Fortnight	\$1,680	\$1,680
Subsidised Cost to Member	\$550	\$1,680
DHA Subsidy – Rental Allowance	\$1,130	Nil
Cost to Member P/Annum	\$14,300	\$43,680
Transition Member extra cost		\$29,380

Note: the subsidy is based on location. Due to lower cost rental markets, the same scenario in:

- Townsville - **\$10,137**
- Brisbane - **\$17,833**

Source: [Rental Allowance Calculator - Online Services \(dha.gov.au\)](https://dha.gov.au/online-services/rental-allowance-calculator)

Once transitioned it would cost **\$29,380 extra** per year to remain in the same property. In addition, you would expect to pay a bond (generally one months rent and then two weeks rent in advance).

- **Utilities:** if you live-in, your electricity, & gas where used are at no cost. Once transitioned you will have to sign up with an electricity or gas provider and pay the provider rate. One person living in an apartment will use approximately \$150 per month.
- **Internet:** once transitioned you will have to find a provider who can support a home phone (if required) and your internet access. Broadband packages start from around \$40 per month.
- **Mobile Telephone:** if you use a Defence funded telephone you will need to provide your own and find a service provider. Mobile telephone contracts start from around \$25 per month.

Removal entitlements

- Removal entitlements must be determined prior to transition.
- If entitled to a removal on transition you and your family can be moved to your nominated home location within Australia.
- You may defer your removal entitlement for up to 24 months from the day you transition from permanent service.

How much does a removal cost**

- According to Australian trade services website [hipages](#), you can expect a total cost of anywhere from \$300 to \$3,500 or from \$75 to \$300 an hour for a local move (in the same city) in Australia (the exact cost is based on level of service, quantity and difficulty).
- Interstate may cost anywhere from \$575 - \$6,000.





Questions and Comments

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