



Medical transition and your Super

What happens to your super when you medically transition?

Invalidity benefits

If you are being medically transitioned from the ADF, there may be benefits you're entitled to from your superannuation. You will go through a process with [Commonwealth Superannuation Corporation](#) (CSC), who administer your superannuation benefits, and they will assess you to determine if you will be entitled to a pension after you leave the ADF.

If you are a member of a choice fund or ADF Super (and under the age of 60) you will be covered for invalidity and death benefits under a product call ADF cover while you're still serving.

If you are a member of DFRDB or MSBS you are covered for invalidity and death benefits through those schemes.

If you are a member of MSBS and considering changing superannuation funds, you need to be aware of all consequences that may occur in doing so. If made, the decision to 'opt out' of MSBS is irreversible. It is recommended that you seek information from CSC in relation to the differences between MSBS invalidity benefits and ADF Cover benefits.

What is considered for superannuation invalidity benefits?

Your 'transition impairments or conditions' are taken into consideration. These are conditions that are present and causing you restriction in being able to perform your work **at the time of your medical transition**.

What you do for work, and what other experience you have is also considered. An assessment is made on how you could be employed in the civilian world based on your skills and experience.

There are three levels of impairment classes:

Class A: means that you are severely impacted by your impairments and would be largely restricted working within relevant civilian employment due to the nature of your impairment/s.

Class B: means you have the capacity for some relevant civilian work at the time of your transition, but suffer moderate incapacity.

Class C: means that you have been deemed as not fit for ADF duty, but have the capacity to work within your relevant civilian employment with minimal restriction.





There may not always be a superannuation invalidity benefit (pension) associated with a medical transition, it will depend on your classification. Generally, only Class A and Class B levels of impairment attract a pension.

If you are a DFRDB member classed C, the information regarding what you may or may not be entitled to will be different. Ask us where to go for more help on this.

What can you do if you're not happy about your assessment?

If you are dissatisfied with any decision made by [CSC](#), you can seek a reconsideration of the decision. You will be told how to do this, and the timeframes for doing so, when you receive your decision. Generally, you have **30 days** to request a reconsideration but if you want more time, just reach out to CSC and ask – they will be able to help.

Tax and your invalidity super pension

Generally, your pension will be taxed. How much tax and what components make up your pension will be individual to your circumstances – your age, your scheme, your medical status, when your pension commenced or was reviewed, and a range of other factors impact how your pension is taxed.

A court decision made in 2020, impacted the way that some invalidity pensions are taxed. The decision only affects DFRDB and MSBS invalidity pensions paid after a particular date. ADF Cover invalidity benefits are not impacted by this decision. For more information on how this affects invalidity benefits please see the [ATO website for 'Douglas'](#).

Tax is ultimately a matter for the [ATO](#) at the end of each financial year but CSC will tell you how much it will withhold from your fortnightly payments to go toward your tax.

Department of Veterans' Affairs and CSC – what is the difference?

It's important to understand that there are differences between benefits you receive from DVA and those from CSC. DVA benefits are generally based on compensation and rehabilitation principles and not specifically related to your health at the time of your discharge. CSC invalidity benefits relate to your medical conditions present at discharge and how these affect your capacity for civilian work.

Eligibility for DVA and CSC benefits are very different so you may see differences in your classifications and percentages between the two. DVA and CSC will try to share information as much as possible to avoid duplication, but sometimes you will need to provide differing information to each of them, or you might be asked to sign authorities to enable them to share information.

How are DVA benefits impacted by superannuation invalidity benefits

DVA benefits are offset by invalidity benefits paid by CSC. As your CSC pension changes over time, DVA payments can be impacted and adjusted accordingly. If you have any questions in relation to how your DVA payments may change or be impacted by your CSC payment, contact your DVA case officer.

If you've been receiving a DVA benefit and subsequently receive a CSC benefit that is back paid to cover a time when you were also receiving a DVA benefit, there might have been an overpayment of your DVA benefits.

Often, the amount of your CSC back pay covers this DVA overpayment and CSC pays this directly to DVA so you don't have to do anything. In some cases, CSC's back pay amount may not cover the debt. Where this happens, DVA is usually required to recover the overpayment but will work with you to mitigate any impacts on you.



What happens to your super invalidity benefits if after you leave the ADF your conditions deteriorate?

If your transitioning impairments or conditions deteriorate, you are eligible for a review by CSC *if you were initially classified Class A or B*. If you are a Class B and your conditions have deteriorated to the extent that you think you now meet the Class A criteria, you can request CSC to review your classification.

If you are already a Class A, there is no higher benefit payable as this is the maximum benefit. However, if you are a Class A and not already having your benefit treated as a 'disability super benefit (DSB)' for tax purposes, it's worth contacting CSC to see if you may have reached this (tax-legislation) threshold. There are tax benefits to having your benefit treated as a DSB and CSC can make this determination and let the ATO know. If you are initially classified Class C, you are not eligible for later reviews.

Benefits under DVA

DVA have a [Veteran card](#) which is a redesign of the DVA White, Gold and orange cards. There are no changes to entitlements or the services you can access with these cards. You are eligible for a Veteran Card if you have the following:

- have an existing DVA White, Gold or Orange card as a veteran
- are the dependant of a veteran and you have your own DVA Gold Card
- are a current or former member of the ADF, including Reservists, with at least one day of continuous full-time service (CFTS)
- are a reservist who can access free mental health care
- are a reservist with an excepted service-related injury or condition.

The benefits you receive depend on the colour of your card. The White Card is a treatment card and can provide you with medical treatment for:

- accepted service-related injuries or conditions
- all mental health conditions (for Veterans with CFTS or certain Reserve Service).

Choosing a super fund if you're going to keep working after transitioning

If you're transitioning to a civilian employer after you leave the ADF, you will need to think about where your superannuation will go.

In most cases, after you transition from the ADF you can continue to use your current super fund of choice with any future employer. If you do not make an election with your new employer, they will contribute to your current super fund, this is known as your 'stapled' fund. If you're an ADF Super member who has served more than 12 months, you are 'stapled' to that fund and your new employer will contribute your super to ADF Super if you don't ask for another fund.

If you've served under 12 months or you're a DFRDB or MSBS member, you can't keep contributing to your military scheme and will need to consider a new super fund.

When you choose a new super fund, it will often come with default insurance. Give your fund a call and check whether that insurance is able to be relied on by you where you have medically transitioned. Lots of funds exclude cover for service-related injuries so check this out so you don't end up paying unnecessary premiums out of your super.



What do I need to consider when choosing a super fund?

When choosing a super fund there are many different factors to look at and it's important that you consider all the things that are relevant to you. It's a good idea to get a variety of information from multiple different sources and websites to assist you in making the best decisions for your personal circumstances. You may find useful information on choosing a super fund below at:

- [YourSuper comparison tool | Australian Taxation Office \(ato.gov.au\)](#)
- [Money Smart](#)

Personal insurance

ADF members are provided death and invalidity cover while you're serving. This is provided through ADF Cover, MSBS or DFRDB, depending on which scheme you are in. This cover will cease when you leave the ADF. You or your family may also be eligible for DVA benefits. DVA continue to support veterans after they have transitioned from the ADF.

If you wish to take out further personal insurance after you leave the service, you will need to source it privately. It's a good idea to have your private cover in place before your transition date.

If you are moving on to the Reserves, be aware that most personal insurance policies have war and war-like exclusions. Make sure you check with your insurer whether your Reserve service, or any other medical conditions you might have from your service, could exclude you from being able to claim on a policy before you pay any premiums.



Where to go for assistance

If you have questions about your superannuation it is best to contact your fund. Make sure you are familiar with the Product Disclosure Statement (PDS) of the product you have to understand your options.

If you are a member of one of the military schemes, [CSC](#) can provide you with lots of information about your those benefits. Check out their website for fact sheets and information or contact them to ask for help.

Other places you might consider seeking assistance from can include:

- [ADF Member and Family Transition Seminars](#) provide information that will assist you to prepare for your transition to civilian life. Partners, families and support persons are encouraged to attend. Members can register through CAMPUS by searching for 'transition seminar'. Transitioned members, family and support persons can register by emailing: transition.seminar@defence.gov.au
- [ADF Financial Services Consumer Centre](#) offers impartial financial education (not personal advice) and relevant resource material to all ADF personnel in order to assist them to make informed decisions and plans about their financial affairs, and empower them to improve their financial capability throughout their careers. The Centre's aim is to keep you informed so that you are in a position to make the best decisions possible for yourself and your family. From the website, you can subscribe to a free monthly newsletter covering financial topics of interest to ADF members, veterans and their families.
- [Commonwealth Superannuation Corporation \(CSC\)](#) contains lots of information about your military superannuation, including invalidity benefits
- [MoneySmart](#) is a financial capability resource provided by the Australian Securities and Investments Commission. It offers a wealth of educational information about superannuation and more.
- [Super Consumers Australia](#) is an independent not-for-profit advocate associated with Choice (the Australian Consumers Association). Its resources include a "rule of thumb" retirement target to answer the question "how much do I need to save for my retirement?"
- [Licensed financial advisers \(aka financial planners\)](#) assist their clients to create long-term strategies for building wealth and managing risk. They can help you track, manage and balance your investment portfolio. They can also provide helpful advice on a range of other financial issues and decisions. You may be eligible to access \$1,000 towards professional financial advice through the [Defence Force Transition Program](#). Talk to your Transition Coach for more information. The [ADF Financial Services Consumer Centre](#) and [MoneySmart](#) have dedicated information on their websites to help you locate a financial advisor if you choose to go down that avenue.
- [Financial Counsellors](#) are skilled professionals who provide free information, advice and advocacy to people in financial difficulty. A financial counsellor can assess your financial situation and provide strategies and options if you're struggling with bills, cash flow and debts. There's more information, including how to access a counsellor, at <https://adfconsumer.gov.au/immediate-money-help>.



Websites

- Commonwealth Superannuation Corporation: <https://www.csc.gov.au/>
- Australian Taxation Office: <https://www.ato.gov.au/>
- Department of Veterans' Affairs: www.dva.gov.au
- YourSuper comparison tool:
<https://www.ato.gov.au/Calculators-and-tools/YourSuper-comparison-tool/>
- MoneySmart:
<https://moneysmart.gov.au/how-super-works/choosing-a-super-fund>
- ADF Member and Family Transition Seminars:
<https://www.defence.gov.au/adf-members-families/transition/seminars>
- ADF Financial Services Consumer Centre: <https://adfconsumer.gov.au/>
- Super Consumers Australia: <https://www.superconsumers.com.au/>
- Defence Force Transition Program:
<https://www.defence.gov.au/adf-members-families/transition/coaching-and-support/defence-force-transition-program>