

CHAPTER 3: MEMBERSHIP, DATA AND ASSETS

Data

- 3.1 This report has been based on data supplied by ComSuper who carry out the administration of the schemes. ComSuper put a considerable effort into supplying data in a form suitable for actuarial analysis.
- 3.2 Actuarial investigations of this nature include a close reconciliation of the data with that provided at previous investigations and analysis of discrepancies to check that the data is sufficiently accurate for the purpose of the report. Checks are also made against other sources of information, such as annual reports.
- 3.3 Details of the main checks are included below. These checks indicate that the data is substantially complete and hence I am satisfied that the data is sufficiently accurate for the purposes of this report.
- 3.4 Checks were also done on the internal consistency of individual records and, where necessary, queries were followed up with ComSuper. Where it could be established that the information on the data supplied was inaccurate, records were amended to enable a more accurate valuation.

Membership

- 3.5 A summary of the contributory membership valued is set out below.

Contributors (as at 30 June 2005)

	MSBS		DFRDB	
	Number	Salaries (\$m)	Number	Salaries (\$m)
Male Officers	7,319	536	1,997	179
Female Officers	1,368	96	73	6
Male Other Ranks	31,226	1,529	4,799	298
Female Other Ranks	3,092	159	203	12
Cadets	1,486	39	-	-
Total	44,491	2,359	7,072	495

- 3.6 The number of MSBS contributors valued is 44,491. The Defence payroll for Pay 27 of 2004/05 (the last pay for 2004/05) had 44,330 contributors plus 97 non-contributory serving members and 203 non-effective members. Non-effective members are individuals who are on strength but not receiving pay on a particular payday because, for example, they are on leave without pay. Total superannuation salaries valued were also checked against the Defence payroll for Pay 27. These checks did not reveal any significant cause for concern.
- 3.7 The MSBS Annual Report has 45,861 contributors as at 30 June 2005. Enquiries revealed that the number of contributors recorded in the MSBS Annual Report included a significant number of individuals who had ceased to be contributors in the months leading up to 30 June 2005 but whose exit benefits had not been processed as at 30 June 2005. These individuals were thus recorded as being contributors in the MSBS Annual Report whereas they have been valued as preserved members for the Long Term Cost Report. Given this, I have placed greater weight on the payroll checks and it is my view that the MSBS contributor data valued was substantially complete.
- 3.8 The number of DFRDB contributors valued is 7,072. The DFRDB Annual Report has 7,252 contributors as at 30 June 2005. The Defence payroll for Pay 27 of 2004/05 (the last pay for 2004/05) had 7,035 contributors plus 88 non-contributory serving members and seven non-effective members in DFRDB. Total superannuation salaries for the members valued were broadly in line with the superannuation salary payroll for Pay 27. In my opinion, the DFRDB contributor data valued was substantially complete.
- 3.9 A summary of the pensioners valued is set out below. There are also a number of children's pensions payable.

Pensioners (as at 30 June 2005)

	MSBS		DFRDB	
	Number	Pensions (\$m p.a.)	Number	Pensions (\$m p.a.)
Age pensioners	2,838	44	45,611	915
Invalid pensioners	2,532	47	2,810	68
Reversionary pensioners	131	2	7,658	123
Associate pensioners	8	0	106	1
Total	5,509	93	56,185	1,107

Notes:

1. The pension amounts include the July 2005 pension increase.
2. DFRDB figures include DFRB pensioners.
3. Reversionary pensions are pensions that are payable to the surviving spouse following the death of a pensioner or contributory member.
4. Associate pensioners are pensioners who receive a pension as a result of a superannuation split following a Family Law settlement in respect of a pensioner in the MSBS or DFRDB.

3.10 The equivalent figures for pensioners as at 30 June 2002 were 4,536 MSBS pensioners with total annual pension of \$68 million and 54,967 DFRDB pensioners with total annual pension of \$996 million.

3.11 The 2005 MSBS Annual Report has the number of pensioners as 5,564 compared to the 5,509 valued. The former includes orphans pensions whereas the latter does not. The corresponding figures for DFRDB (excluding children's pensions) are 54,185 and 54,177 respectively. Checks were done for both DFRDB and MSBS by comparing the pensions valued with the ComSuper pension payroll figures. These checks suggested that the pension data was essentially complete.

3.12 Preserved benefits from the MSBS are payable on attaining age 55, although in certain limited circumstances they may be payable earlier. There were 57,631 preserved beneficiaries valued, with total nominal preserved benefits of \$2,893 million. The 2005 MSBS Annual Report has 56,530 preserved beneficiaries. The MSBS Annual Report figure does not include those exits in the months leading up to 30 June 2005 that had not been processed by 30 June 2005 as an exit. We have included these individuals as preserved beneficiaries. At 30 June 2002, there were 44,586 preserved beneficiaries with total nominal preserved benefits of \$2,059 million.

3.13 There are a small number of deferred pensioners in DFRDB. These individuals are entitled to receive a deferred pension payable from the day that they would have been eligible to receive a pension on exit from the DFRDB had they continued as a serving member. This is normally 20 years after joining DFRDB. To continue to be eligible for a deferred pension, deferred pensioners must be in

public employment. At 30 June 2005, there were 60 deferred pensioners in DFRDB.

- 3.14 At 30 June 2005, there were 271 associate beneficiaries in MSBS with total associate benefit amounts of \$26m. Associate benefit accounts in MSBS are set up as a result of superannuation splits following Family Law settlements involving non-pensioner members of MSBS and DFRDB for non-member spouses. Associate benefits are accumulation style lump sum benefits.

Assets

- 3.15 The assets of the MSBS are invested in a wide range of investments including the short term money market, Australian and overseas fixed interest, Australian and overseas equities and property trusts. Based on the Financial Statements as at 30 June 2005, the net assets of the MSBS amounted to \$1,749,340,000.
- 3.16 The MSBS assets are unitised and members have a number of investment options from which to choose. The investment strategy for the MSBS assets is structured to be consistent with the investment options chosen by members.
- 3.17 For the MSBS, the total of the funded components from all individual records valued was compared to the MSBS Fund as recorded in the Financial Statements. This check again suggested that the data was suitable for valuation purposes.
- 3.18 The DFRDB is totally unfunded and thus does not hold any assets.