

Northern Territory Government Death and Invalidity Scheme

The Northern Territory Government has established a free death and invalidity scheme for Territory public sector employees and executive contract officers who are in choice of fund (CoF) superannuation arrangements. The scheme is administered by the NT Superannuation Office, a division of NT Treasury.

Eligibility Criteria

To be eligible for death and invalidity cover, an employee must be less than 60 years of age and have commenced employment after 9 August 1999, and be either:

- a permanent employee (full time or part time);
- a temporary employee on a fixed term contract of at least six months; or
- a temporary employee on a short term contract who has had at least six months continuous employment.

Casual employees are not eligible for death and invalidity cover under the scheme. Invalidity and death cover automatically ceases when an employee ceases Territory public sector employment.

Scheme Benefits

The scheme provides a lump sum benefit in the event of invalidity retirement or death, calculated as follows:

$$17.5\% \times \text{Prospective years of service} \times \text{Benefit salary}$$

- the prospective years of service is calculated as the difference between the age at invalidity retirement or death and age 65, or if retirement is compulsory at a younger age, the age at which retirement becomes compulsory.
- the benefit salary is the final salary for superannuation purposes at the date of invalidity, retirement or death.

In the event of death, a benefit is payable only where an employee is survived by a dependant(s).

Dependants include a spouse, de facto or same sex partner, children and adopted children, or a person who (at the time of death) was financially dependant upon or had a legal right to look to the employee for support.

Death benefits in excess of \$20 000 are payable to the estate of a deceased employee. If an employee dies without making a will, the benefit may be paid to the Public Trustee to distribute the estate according to the rules of intestacy.

Medical Assessments

All employees under 60 years of age commencing employment from 1 July 2007 must complete a medical declaration. Medical declarations will be sent to employees directly by the NT Superannuation Office.

Each medical declaration is assessed by the NT Medical Advisor, and if required, an employee may be directed to attend an additional medical examination and assessment.

The purpose of the medical declaration and any subsequent assessment is to determine each employee's health at the time they join the scheme.

Where an employee is assessed as having a medical condition which poses a significant risk of invalidity retirement or death within the first ten years of membership, the employee will be issued with a reduced benefit classification (RBC) certificate. The RBC certificate will specify the particular medical condition(s) for which it was issued and will remain in force for ten years.

Where an employee dies or retires on invalidity grounds during the first ten years of membership and the invalidity retirement or death is due to a medical condition specified in the RBC certificate, any invalidity or death benefit will be reduced.

If an employee does not complete a medical declaration, they may not be entitled to a full invalidity or death benefit if they become an invalid or die within the first ten years of membership.

Benefit Offsets and Reductions

The invalidity retirement and death benefit:

- is reduced after age 50 and ceases at age 60;
- is reduced where invalidity retirement or death occurs in the first ten years of membership and a medical declaration was not provided upon joining the scheme, or where invalidity retirement or death is due to a pre-existing medical condition for which a RBC certificate was issued;
- is reduced where workers compensation payments are payable (including amounts payable under a workers compensation agreement); and
- ceases when an employee leaves Northern Territory public sector employment.

Death and invalidity retirements are not offset against any private death or invalidity cover an employee may have purchased (e.g. through a life insurance provider or superannuation fund).

Employees who commenced before 1 July 2007 do not have to complete a medical declaration (but may do so if they wish). Where there is no medical declaration and a claim is made on the scheme within the first 10 years of employment, the employee's medical status will be assessed retrospectively to determine whether the invalidity or death was due to a pre-existing medical condition.

Employees who commenced before 1 July 2007 who choose to complete a medical declaration will have their medical status assessed in line with the procedures outlined above. Contact the Superannuation Office if you would like a form.