

# Northern Territory Government Death and Invalidation Scheme

## Background

The Northern Territory Government Death and Invalidation Scheme (NTGDIS) provides free death and invalidity benefits to eligible Northern Territory Government (Territory Government) employees. The scheme was introduced in 2007 under the *Superannuation Act 1986* to provide death and invalidity benefits equivalent to those provided by the Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS).

NTGDIS benefits are payable in addition to any private insurance cover purchased through a life insurance provider or a superannuation fund.

The Northern Territory Superannuation Office (NTSO) administers the scheme.

## Who is covered by NTGDIS?

NTGDIS membership covers Territory Government employees, police officers and executive contract officers who are in choice of fund superannuation arrangements (that is, employees who are not NTGPASS or Commonwealth Superannuation Scheme members). NTGDIS also covers members of the Legislative Assembly elected for the first time on 18 June 2005 or later.

## Eligibility criteria

To be eligible for death and invalidity benefits, an employee must be less than 60 years of age and be one of the following:

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

Entitlement to death and invalidity benefits automatically ceases when an employee ceases Territory Government employment. Casual employees are not eligible for NTGDIS benefits.

## Death benefits

A death benefit is only payable where an employee is survived by a dependant(s). At the time of death, a dependant includes:

- a spouse (including defacto or same sex)
- children and adopted children
- a person who had an 'interdependent relationship' with the deceased.

In order for the death benefit to be processed, the Superannuation Office will require copies of either a grant of probate or letters of administration.

The Commissioner of Superannuation (the Commissioner) has a discretion to release up to \$30,000 of death benefits without the production of probate or letters of administration of the deceased estate where the money is paid directly to dependant(s) or for funeral expenses. Payments in excess of this limit may be made if the Commissioner is of the opinion that the payment will alleviate financial hardship.

Refer to the Death benefit fact sheet for more information.

## Invalidity retirement benefits

An invalidity retirement benefit can only be paid where an employee (or former employee) has been assessed, based on specialist medical information, as being totally and permanently incapacitated for any form of employment, as defined by the *Superannuation Act 1986*.

Assessments to determine an employee's capacity for continued employment are arranged by the employee's human resources area. Refer to the NTGDIS Invalidity Retirement Benefits fact sheet for more information.

## Benefit calculation

Your benefit is calculated according to a formula. This formula takes into account your nominal retirement age, which is 65 for most Territory Government public servants. Subject to eligibility, the benefit will be equal to:

- 17.5% ×
- your benefit salary (your actual salary and approved allowances at your exit date) ×
- a multiplier based on your age at exit date from employment:
  - a) if you are 60 or over, the multiplier is zero
  - b) if you are between 55 and 60 years of age at exit date, the multiplier is the difference between your age and 60
  - c) if you are between 50 and 55 years of age at exit date, the multiplier is the difference between your age and 65, minus the difference between your age and 50
  - d) if you are less than 50 years of age at the exit date, the multiplier is the difference between your age on the exit date and 65 x
- 1 (if you are a full-time employee) or your part-time ratio (if you are a part-time employee).

Note: part of a year in b), c) or d) is expressed as a decimal fraction.

Example: Michael dies at 45 years old. He has a benefit salary of \$60,000 and is a full-time employee. Michael has eligible dependants and workers compensation is not payable. His benefit is calculated as:

$$17.5\% \times \$60,000 \times (65-45) \times 1 =$$

$$17.5\% \times \$60,000 \times 20 \times 1 = \$210,000$$

## Benefit reduction after age 50

Benefits payable after age 50 progressively reduce such that employees aged 60 and older have no entitlement to benefits from the scheme.

Example: Jane dies at 54 years old. She was a part-time employee, working three days a week with a part-time salary of \$36,000 (full-time equivalent salary of \$60,000). Jane was not entitled to workers compensation. Her benefit is calculated as follows:

$$17.5\% \times \$60,000 \times (65-54-4) \times 0.6 =$$

$$17.5\% \times \$60,000 \times 7 \times 0.6 = \$44,100$$

However, prior to processing the claim, it is established that Jane has no eligible dependants. Therefore, no benefit is payable.

Example: George dies at 57 years old. He has a benefit salary of \$50,000 and is a full-time employee. George has eligible dependants and workers compensation is not payable. His benefit is calculated as:

$$17.5\% \times \$50,000 \times (60-57) \times 1 =$$

$$17.5\% \times \$50,000 \times 3 \times 1 = \$26,250$$

## Workers compensation payments

If an employee is entitled to payments under workers compensation legislation or a workers compensation agreement such as a Hopkins agreement, the NTGDIS benefit will be reduced by the amount of the workers compensation payments.

If a workers compensation payment is paid periodically, the notional redemption value of the compensation benefit will be actuarially calculated to determine the amount of the NTGDIS lump sum benefit payable.

In most cases, an invalidity retirement benefit from NTGDIS will be completely offset by the workers compensation payment.

## Beneficiaries

Employees are not required to advise NTSO of their beneficiaries because, except in limited circumstances, death benefits are paid to the employee's estate, rather than to dependants. It is therefore important that an employee has a will.

A will is a legal document, which sets out instructions for the distribution of assets. An employee's eligibility for NTGDIS benefits is not affected by whether or not they have a will. However, it may result in the benefit being distributed in a way that is not intended by the employee.

In determining whether a benefit is payable from NTGDIS in the event of an employee's death, information about an employee's dependants and next of kin will be sought from the employee's payroll and human resources area.

This information is required upon commencement of employment and should be updated annually. It is important that you advise your human resources area of any changes to your next of kin details.

## More information

We cannot provide personal financial advice. If you require assistance, you can seek the services of a qualified professional.

The [MoneySmart website](#) provides advice on how to choose a financial advisor.

For general information, email [ntsuperannuation@nt.gov.au](mailto:ntsuperannuation@nt.gov.au) or visit the website, [www.super.nt.gov.au](http://www.super.nt.gov.au).

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