



Significant Event Notice

Notice of reduction in **off duty insured benefits for retained firefighters** who are members of the Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund.

Issued on 30 September 2022

NSW Fire Brigades Superannuation Pty Ltd ABN 71 108 677 854, as Trustee for the Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund (the D&D Fund), is advising its members of a reduction of approximately **25%** to the **off duty benefit multiples** for retained firefighters who are full members of the D&D Fund.

This will mean a **reduction in the lump sum off duty benefit** payable in the event of Total and Permanent Incapacity or Death by approximately **25%**.

The change is a result of an actuarial review as required by the Crown Employees (Fire and Rescue NSW Firefighting Staff Death and Disability) Award 2022 (the D&D Award) and is due to the recent increase in interest rates.

The reduction is effective 1 January 2023

If you have any queries please contact us:

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Issued by NSW Fire Brigades Superannuation Pty Ltd - ABN 71 108 677 854 AFSL No. 530269

Trustee of the Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund – ABN 60 532 453 567

The Death and Disability Award

The D&D Award provides benefits to firefighting staff of Fire & Rescue NSW (FRNSW) in the event of their death or permanent disability.

The benefits are jointly funded, with employees (ie members) funding the off duty benefit and the employer funding the on duty benefits.

Actuarial Review

Each year the Award requires that the actuary calculate the projected long-term cost of off duty benefits for both permanent and retained firefighters. These costs are compared against the contributions that each employee group will make, and the combined cost of off-duty and on duty benefits for each employee group. Based on these comparisons, the actuary will determine whether the off duty benefit multiples should be adjusted.

The review performed in 2022 noted an increase in the discount rate (interest rate) which, in the formula prescribed in the Award, had the effect of reducing the off duty benefit.

This means that the benefit multiples used to calculate the off duty lump sum benefits will decrease from 1 January 2023, leading to a reduction in lump sum benefits payable from this date. See further notes at the end of this document for an explanation as to how the prescribed formula works.

Who does the change affect?

The change to the off duty benefits only affects **off duty death benefits** and **total and permanent incapacity (TPI) benefits** for **retained firefighters** who are **full** members of the fund.

When will the change take place?

Our benefits are calculated based on the date that a Firefighter's service with FRNSW ends. Therefore, the change to the TPI off duty benefit payable will take effect for a retained firefighter whose **service ends on or after 1 January 2023**, regardless of when their medical condition occurred or when their claim for benefit was lodged.

What *exactly* is changing?

The off duty death and TPI benefit multiples and the corresponding benefits for full member retained firefighters will be reduced by approximately 25% as follows:

Age	Current benefits		Benefit from 1/1/2023	
	Multiple of deemed salary	Current Benefit *	Multiple of deemed salary	Benefit from 1 January 2023*
<60	2.88	\$251,363	2.16	\$188,523
60	2.52	\$219,943	1.89	\$164,957
61	2.16	\$188,523	1.62	\$141,392
62	1.80	\$157,102	1.35	\$117,827
63	1.44	\$125,682	1.08	\$94,261
64	1.08	\$94,261	0.81	\$70,696
65	0.72	\$62,841	0.54	\$47,131
66	0.36	\$31,420	0.27	\$23,565
67	0	\$0	0	\$0

* based on the Qualified Firefighter Rate as at February 2022.

The Insurance Policy provides for insured benefits that are the award benefits. Any change in the award benefit means the insured benefit changes accordingly.

Note that there will be no change to the on duty benefits as these are in effect funded by Fire & Rescue NSW.

What do you need to do?

Given the reduction in the off duty benefits, you may need to consider whether your insurance cover meets your needs. If you have any concerns, you should consider seeking financial advice.

Why do these amounts keep changing?

The D&D Award has a mechanism to adjust the off duty lump sum benefits based on claims experience. Fluctuations in interest rates are taken into account in the adjustment mechanism. It is understood that this is being considered in the drafting of the 2023 Award which is due to be made in February 2023.

Notes on the actuary review

Clause 11.4 of the D&D Award requires that the actuary review and assess the cost of the lump sum off duty benefits each year for both the permanent and the retained groups.

If the actuary finds that the long-term cost of the off duty benefits for the retained firefighter group exceeds both the long-term contributions by retained firefighters and 30% of the long-term cost of the on duty and off duty benefits for that group then the actuary will determine an adjustment.

When interest rates increase, the long-term cost of the on duty pension decreases. This makes the off duty benefit costs increase as a **proportion** of the total costs. The result is that a significant increase in the interest rates will likely lead to a decrease in the benefit multiples and consequently the off duty lump sum benefits. This is what the actuary has found for the review as at 30 June 2022 given the recent increases in interest rates.