

Summary of new on duty benefits for the Police Blue Ribbon Insurance Scheme: June 2013

1. What are the new benefits?

Changes to the Police Blue Ribbon Insurance Scheme announced in June 2013, will provide enhanced benefits for on duty injuries by:

- increasing income protection from up to 5 years to up to 7 years at 75% of pre-injury salary; and
- providing an adjusted total and permanent disability (TPD) lump sum benefit.

The new benefits are aimed at providing additional benefits to the most injured officers over a longer term. Most officers, who return to work, will be earning more than 75% of their pre-injury salary and will not need support. In some cases, the new benefit arrangement will provide the same or similar overall benefit as before.

There are no changes to the death benefits or off duty income protection benefits and income protection will continue to phase out at age 60.

2. When will the new arrangements commence?

Once administrative and notification arrangements are made, the new benefits will apply from 1 October 2013.

3. What are the new on duty TPD Scales?

Annexure A shows the current and new TPD lump sums at age at last birthday. The TPD Tables will be included in the changes to the Police Regulation prior to the commencement of the amended arrangements in October 2013.

The changes to the TPD lump sum level means that the TPD lump sum level will be increased for officers aged between 38 and 51 age groups with a slight reduction for officers of younger age groups. Any reductions in on duty TPD lump sums are compensated for through increased income protection benefits from 5 years to 7 years. In some cases, the new benefit arrangements will provide the same or similar overall benefit as before.

Officers aged 20 and under will have a lower overall possible benefit, with a decrease in benefit of between 0.05 and 0.04 times salary.

The new TPD scale will also apply to off duty injuries.

4. Will the employee contribution change?

There will be no change to the amount police officers contribute. Officers will continue to contribute 1.8% of salary via salary sacrifice which in most cases is a more tax effective method of contributing to the scheme. Officers with SASS ABC coverage will continue to pay 0.88% of salary. The NSW Police Force will pay for the increased premiums.

5. Will I get more or less than before?

The total possible benefit in the event an officer is TPD on duty is similar or more generous for all officers. See Annexure B. 2

6. The TPD levels look lower than before

Any reductions in on duty TPD lump sums are compensated for through increased income protection benefits. See Annexure B which provides examples of total benefits at various ages.

7. Has the definition of salary changed?

The definition of pre-injury salary remains unchanged. For Non-Commissioned officers pre-injury salary is defined as the base Award salary plus 17%. For Commissioned officers pre-injury salary is that salary set under the Award.

8. How will this affect officers with a Current Work Related Injury

If you have a current work related injury, you will continue to receive or be eligible for benefits in relation to that injury at the existing PBRI 2012 levels.

This applies if you are:

- Currently off work as a result of a work related injury
- Have an existing on duty injury but working full hours in either the self managed or PRBI Scheme
- Have an existing on duty injury and your condition is aggravated causing you to be absent from work

The new benefits will only apply to injuries that occur and cause incapacity after the new benefit arrangement commences, that is, 1 October 2013.

Changes to TPD lump sums cannot be changed retrospectively due to the Corporations Act 2001 and the disclosure requirements under that Act.

The Commissioner of Police retains the discretion to provide additional financial support to injured officers in extraordinary circumstances, where supported by the recommendations of independent medical reports and subject to regular review and within the existing resources of NSW Police.

9. Will the assessments that occur under the existing PBRI Scheme change?

No. The assessments undertaken by the insurer for payment of a claim will remain the same for the current PBRI Scheme and the new benefit arrangements.

10. Does the disability test that applies for income protection change under the new amendments change?

No. The disability test remains the same for the current PBRI Scheme as well as the new benefit arrangements.

11. Does the disability test for TPD Change?

No. The disability test remains the same for the current PBRI Scheme as well as the new benefit arrangements.

12. How do the new arrangements affect State Authority Superannuation Scheme members with Additional Benefit Cover?

SASS ABC members, if injuries occur and cause incapacity after the new benefit arrangement commences, will receive income protection benefits under the new arrangements, that is, increased from up to 5 years to up to 7 years at 75% of pre-injury salary. Your lump sum TPD and Death benefits coverage under SASS ABC remains unchanged.

13. Will there be another SASS election?

Discussions are underway with FTC and the Insurer about the possibility of a new election process. This will also require discussions with the Minister responsible for the SASS scheme, which will take place shortly.

14. Will I receive information from the Insurer/Trustee about the changes?

Yes. You will receive a Special Event Notice from FSS at least 30 days before the new benefits commence.

15. What impact will this have on concessional contributions taxation?

The new benefits will increase the insurance premium and as a result this will reduce the capacity of individuals to make salary sacrifice contributions to their superannuation.

You will need to renew your arrangements and consider whether you need to adjust any personal salary sacrifice contributions you are making.

NSW Police will continue to reimburse any tax on excess contributions because of the employer contributions and PBRI premiums.

A submission has been made to the Australian Taxation Office seeking an exemption from the Concessional Contributions Cap for PRBI contributions. Further advice on the status of the application will be made available to officers when available.

Annexure A – On Duty TPD Scales

	Current	New
Age last birthday	as Multiple of Salary	as Multiple of Salary
18	4.80	3.25
19	4.80	3.25
20	4.79	3.25
21	4.73	3.25
22	4.65	3.25
23	4.58	3.25
24	4.54	3.25
25	4.45	3.25
26	4.38	3.25
27	4.17	3.25
28	4.05	3.25
29	3.95	3.25
30	3.81	3.25
31	3.77	3.25
32	3.71	3.25
33	3.61	3.25
34	3.57	3.25
35	3.47	3.25
36	3.39	3.25
37	3.26	3.25
38	3.21	3.25
39	3.04	3.25
40	2.88	3.25
41	2.73	3.25

	Current	New
Age last birthday	as Multiple of Salary	as Multiple of Salary
42	2.49	3.25
43	2.44	3.25
44	2.30	3.25
45	2.06	2.95
46	1.90	2.70
47	1.74	2.44
48	1.61	2.17
49	1.48	1.90
50	1.37	1.63
51	1.20	1.34
52	1.19	1.19
53	1.04	1.04
54	0.95	0.95
55	0.91	0.91
56	0.78	0.78
57	0.76	0.76
58	0.64	0.64
59	0.62	0.62
60	0.50	0.50
61	0.43	0.43
62	0.38	0.38
63	0.38	0.38
64	0.36	0.36

Annexure B – Examples

Age 30			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$369,485	\$315,178	-\$54,308
Total	\$733,152	\$824,311	\$91,159

Age 35			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$336,513	\$315,178	-\$21,335
Total	\$700,180	\$824,311	\$124,132

Age 38			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$311,299	\$315,178	\$3,879
Total	\$674,965	\$824,311	\$149,346

Age 40			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$279,296	\$315,178	\$35,882
Total	\$642,963	\$824,311	\$181,348

Age 42			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$241,475	\$315,178	\$73,703
Total	\$605,141	\$824,311	\$219,170

Age 44			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$223,049	\$315,178	\$92,129
Total	\$586,716	\$824,311	\$237,596

Age 46			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$184,258	\$261,840	\$77,582
Total	\$547,925	\$770,973	\$223,049

Age 48			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$156,134	\$210,442	\$54,308
Total	\$519,801	\$719,575	\$199,774

Age 50			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$132,860	\$158,074	\$25,214

Total	\$496,526	\$667,207	\$170,681
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Age 52			
	Current	New	Difference
IP	\$363,667	\$509,133	\$145,467
TPD	\$115,404	\$115,404	\$0
Total	\$479,070	\$624,537	\$145,467

Age 55			
	Current	New	Difference
IP	\$363,667	\$363,667	\$0
TPD	\$88,250	\$88,250	\$0
Total	\$451,917	\$451,917	\$0

Age 58			
	Current	New	Difference
IP	\$145,467	\$145,467	\$0
TPD	\$62,066	\$62,066	\$0
Total	\$207,532	\$207,532	\$0

Age 55 plus remains unchanged from current benefits

Assumptions and Notes:

Salary: Senior Constable Level 6 = \$96 977.79 per annum
 Base salary from first full pay period 1.7.2013 (\$82 887) +17%

IP Calculation is a total value over the 5 year or 7 year period and does not necessary reflect what would be paid if the benefit was commuted.

Workers' compensation benefits have not been included in the calculations. Workers' compensation offsets income protection, but does not affect TPD lump sums.

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