



Australian Defence Force Retirees Association Inc.

No. A0108026R

We represent the interests of Defence Force Retirees regarding their Superannuation

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DFRDB UPDATE – MARCH 2026

The Senate Finance and Public Administration References Committee has released its Report into the Operation and appropriateness of the superannuation and pension schemes for current and former members of the Australian Defence Force (ADF).

The Report may be viewed [here](#).

What the Report means for you

It doesn't change anything immediately, but it does put several long-running DFRDB problems back in front of Government.

Here's what matters most for you.

1. Commutation – No fix yet, but the issue is officially reopened

The Committee accepts that many DFRDB members were misled about commutation and that the permanent pension reduction has caused real harm.

They didn't recommend compensation, but they did say Government must look again at whether the current arrangements are **fair and equitable**.

What this means for you:

- No automatic back-payments or corrections.
- But the fairness of commutation is now formally questioned by the Senate.
- This strengthens advocacy efforts and CDDA arguments.

2. Indexation – The most likely area for real change

The Committee recommends a full review of indexation across all defined-benefit schemes. They acknowledge that CPI-only indexation has eroded pensions over time.

What this means for you:

- A shift away from CPI-only indexation is now a genuine possibility.
- Options include AWE-based indexation, a CPI/AWE hybrid, or extending "Fair Indexation" to all ages.
- If adopted, this would **increase DFRDB pensions going forward**.

This is the area where DFRDB members stand to gain the most.

3. Retrospective Invalidity – Process may improve

The report highlights how slow, confusing and inconsistent the current system is.

What this means for you:

- The process for having a discharge reclassified as medical may become simpler and faster.
- Defence and CSC may lose some of their ability to block or delay cases.
- This mainly helps members seeking invalidity benefits, not general pensioners.

4. Reversionary Pensions – Eligibility may expand

The Committee recommends updating the definitions of “spouse” and “mutually dependent,” especially for couples separated due to PTSD, mental illness or safety concerns.

What this means for you:

- More widows/widowers may qualify for reversionary pensions.
- This could correct long-standing injustices in the DFRDB rules.

Bottom Line

- **No immediate financial changes.**
- **Indexation reform is the most likely outcome** and could increase pensions.
- **Reversionary pension rules may be broadened.**
- **Commutation remains unresolved**, but the Senate has now formally acknowledged the fairness problem.
- The report keeps pressure on Government and strengthens the case for further reform.

ADFRA welcomes this development but will continue to seek actioned outcomes from the Senate Committee report.

Jim Hislop OAM

President