

## In this short item Mary Petley of the Forces Pension Society explains how Pension Increases (PIs) work.

Armed Forces pensions, once awarded, are adjusted in April each year by the Consumer Prices Index (CPI). The CPI rate used is the CPI headline rate for the September prior to the April adjustment the following year. This rate is formally announced in October. The CPI increase which will come into force next April has been announced as 3%.

This increase, known as the PI, does not come into force on the 1<sup>st</sup> April but rather on the first Monday after the beginning of the new tax year – so, for 2018, it comes into force on 9 April.

There is a Government produced table which divides the year into 12 parts and the first PI is proportionate. The pensions of those leaving in the first few weeks of April will get the full PI in the following April. The increases for those leaving **after** the first few weeks of April are then paid in the following April on sliding scale, culminating in those leaving in the final few weeks of March getting no PI adjustment at all in respect of that first year. The full increase is paid in subsequent years.

If you are leaving with a preserved AFPS 75 or AFPS 05 pension or a deferred AFPS 15 pension, it will be increased to take account of all the PIs that have occurred since you left.

If you are leaving with an AFPS 75 Immediate Pension (IP) or an AFPS 05 EDP, and are not yet aged 55, the PIs are stored for you and become payable at age 55. PIs are paid early in only three circumstances:

1. If you are discharged with an invaliding pension, PIs are payable from the outset;
2. If you are unable to work full time due to mental or physical disability which is deemed to continue until your preserved pension age (if your pension is preserved/deferred) or until age 55 if you are in receipt of your IP, you can apply for PIs to be paid early.
3. If you die, your family's benefits attract PIs, irrespective of your age or theirs.

If you are a Member of the Forces Pension Society and would like to know more about PIs or any other pension issue, email us on [pensionenquiries@forpen.co.uk](mailto:pensionenquiries@forpen.co.uk)

If you are not a Member and would like to learn more about us, visit [www.forcespensionsociety.org](http://www.forcespensionsociety.org)



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