



Ministry
of Defence

Armed Forces Pension Scheme 2015

Your Pension Scheme Explained

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1. Introduction

The Armed Forces Pension Schemes are designed to reflect the unique nature of Service life, to provide a retirement income for you and your dependants, and to incentivise retention in Service as a key part of your overall remuneration package.

This booklet will tell you everything you need to know about the **Armed Forces Pension Scheme 2015** (AFPS 15). In particular, it gives guidance to the range of benefits available to you as a member of AFPS 15, to help provide financial security for you and your dependants up to retirement age and beyond. It also provides information on other benefits you may receive on leaving the Armed Forces, such as the Early Departure Payment and Resettlement Grant, and scenarios you may need to consider such as ill-health and re-joining the Armed Forces.

We have tried to make this booklet as easy to read as possible, but in certain areas it is difficult to avoid using technical terms. We have therefore provided a list of the most commonly used technical terms in Appendix II.

This guide is for general use and cannot cover every personal circumstance. It is provided for information purposes only and nothing in this guide can override the Scheme's regulations. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the regulations will apply.

If you have any queries about AFPS 15, you can find other sources of information in *Further Information* (see section 17). You can also refer to [JSP 905 – Armed Forces Pension Scheme 2015](#).

What is a pension scheme?

In simple terms, a pension scheme is a type of plan to help you save money for later life, providing a regular monthly income during your retirement.

What are the Armed Forces Pension Schemes?

Armed Forces veterans receive one of the most generous pension schemes in the UK.

There are three Armed Forces Pension Schemes (AFPS) for members of the Regular Armed Forces:

- Armed Forces Pension Scheme 75 (AFPS 75);
- Armed Forces Pension Scheme 05 (AFPS 05); and
- Armed Forces Pension Scheme 15 (AFPS 15).

And for the Reserve Forces there are four schemes

- Full Time Reserve Service (FTRS) Pension Scheme 1997;
- Reserve Forces Pension Scheme 05 (RFPS 05);
- Non-Regular Permanent Staff (NRPS) Pension Scheme; and
- Armed Forces Pension Scheme 15 (AFPS 15).

2. Membership

Which Scheme am I eligible to join?

If you enlisted or were commissioned as a member of the Regular Armed Forces before 6th April 2005, you would have automatically joined the **AFPS 75** scheme. From 6th April 2005, AFPS 75 was closed to new members.

If you enlisted or were commissioned as a member of the Regular Armed Forces between 6th April 2005 and 31st March 2015, or accepted an offer to transfer from AFPS 75, you would have automatically joined the **AFPS 05** scheme. From 31st March 2015, AFPS 05 was closed to new members.

If you commenced a Full Time Reserve Service commitment/contract as a member of the Reserve Forces before 6th April 2005, you would have joined the **FTRS 97** scheme. From 6th April 2005, FTRS 97 was closed to new members.

If you commenced a Full Time Reserve Service commitment/contract between 6th April 2005 and 31st March 2015, or accepted an offer to transfer from FTRS 97, you would have joined the **RFPS 05** scheme. From 31st March 2015, RFPS 05 was closed to new members.

If you commenced as a Non-Regular Permanent Staff member, you would have joined the NRPS. From 1st April 2011, NRPS was closed to new members.

All serving members of the Regular Armed Forces and Reserve Forces who joined from 1st April 2015 are members of **AFPS 15**. AFPS 15 is open to new members and the majority of members of the Armed Forces and Reserve Forces Pension Schemes have now joined AFPS 15.

You are also automatically a member of AFPS 15 if, on 1st April 2015, you didn't have **Transitional (Full) Protection** in another Armed Forces Pension Scheme. This means that if, as of 1st April 2012, you had more than ten years to serve to reach age 55, you would have been automatically transferred into AFPS 15 from your Legacy (old) Scheme on the 1st April 2015.

AFPS **75** (Regulars only – entry closed on 05/04/2005)

AFPS **05** (Regulars only – entry closed on 31/03/2015)

FTRS **97** (Full Time Reserves only – entry closed on 05/04/2005)

RFPS **05** (Full Time Reserves only – entry closed on 31/03/2015)

NRPS (Non-Regular Permanent Staff only – entry closed on 01/04/2011)

AFPS **15** (Regulars and Reservists)

I'm eligible for AFPS 15, how do I know if I'm in the Scheme?

If you joined the Regular Armed Forces or Reserve Forces on or after 1st April 2015, you will have been automatically enrolled in AFPS 15. You will, however, need to have at least **2** years of paid Service to qualify for most pension benefits. This is known as **qualifying service**.

It is worth checking your Annual Benefits Information Statement, which you should receive shortly after your birthday, or JPA Record to confirm which Scheme you are in.

What type of member am I?



Active member

Still building up future benefits in AFPS 15



Deferred member

No longer building up further benefits in AFPS 15, but not yet in receipt of your pension



Pensioner member

Receiving your pension

3. What your Pension Scheme provides

How is your pension calculated?

AFPS 15 is calculated using a system called **Career Average Revalued Earnings (CARE)**. This means that the pension is calculated according to your average earnings over your career.

Your pension will start to build up from your first day of paid Service into a 'pension pot'. Each year, the pot increases with inflation and your further service is added. This process continues each year until you leave the Armed Forces, and this pot will become the pension that you'll receive. There is no maximum number of years' Service that can count towards your pension, and the pension copes well with a mix of full time and part time service.

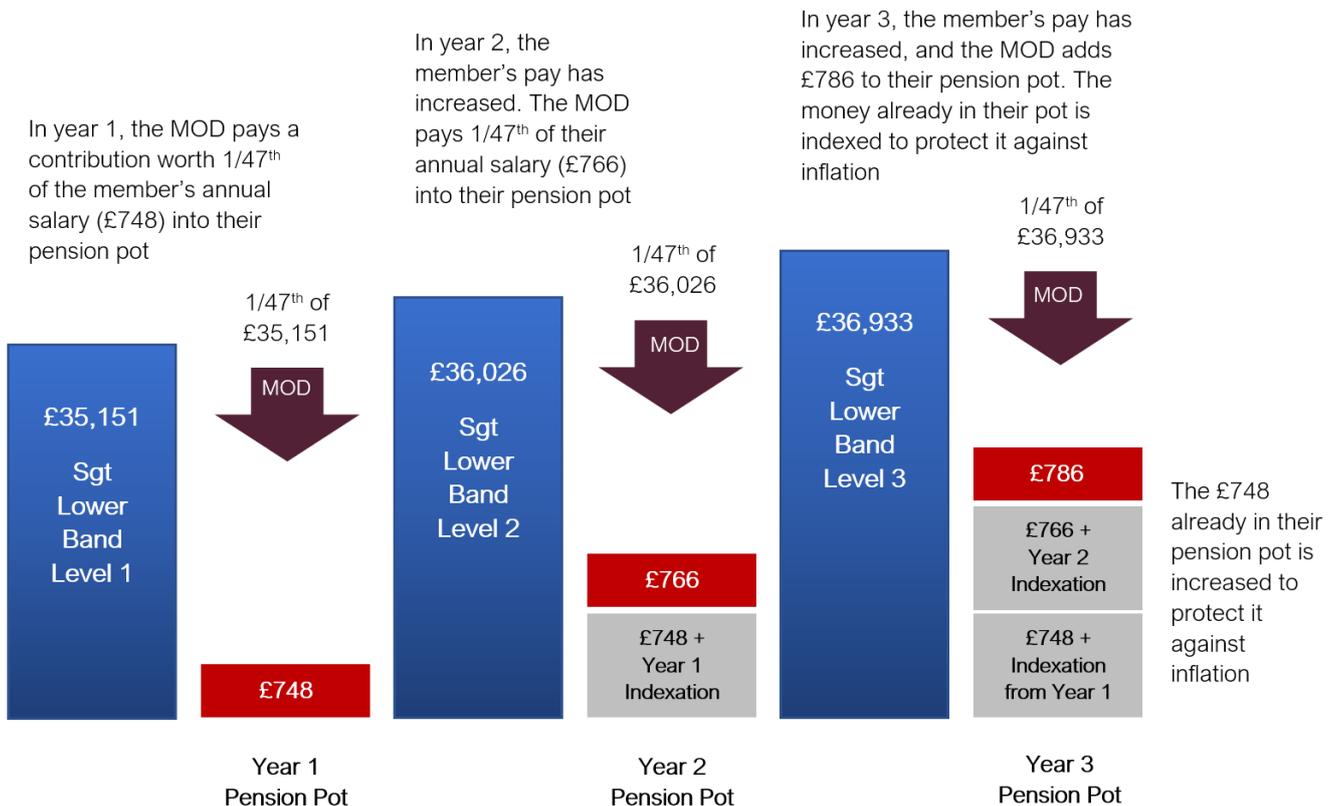
You may find it useful to understand how this works:

Calculation Station:

Every year, the MOD adds 1/47th of your annual pensionable earnings for that year to your individual 'pension pot'.

This 'pension pot' starts to grow from your first day of paid Service and is carried forward into each year where it increases slightly to ensure that it tracks inflation and maintains its value. This growth, known as indexation, is based on the Average Weekly Earnings index and is similar to money in a bank account earning interest.

The diagram below demonstrates how a CARE scheme works for a Sgt earning £35,151 in 2019/20



Do I contribute towards my pension?

Most pension schemes require both employer and employee to make monthly contributions to the pension pot (a fund made up of pension contributions). In AFPS 15, the pension is free, and you make **no** contributions. Your pension, when paid, is guaranteed because it is paid by the Government.

When can I receive my pension?

Your age and the amount of paid Service you complete determines the point at which you are entitled to benefits:

If you leave the Service **at age 60** (*normal pension age*) or over, you will be entitled to an **immediate pension**.

If you leave the Service **before age 60** (*normal pension age*), you will become a deferred member and will be entitled to a **deferred pension** paid at State Pension Age.

If you are in Regular Service and leave the Services before age 60, you might also be eligible for either:

- Early Departure Payment (EDP) (see section 4),
- Ill-health pension (see section 5), or
- Resettlement Grant (see section 6).

Check the relevant sections of this booklet for more information.

Deferred Pension

If you leave the Armed Forces **before age 60** (*normal pension age*), and are not receiving an ill-health pension, a deferred pension is kept for you for payment from your individual State Pension Age.

You will only be entitled to receive a deferred pension if you have completed at least **2 years** of qualifying service, or if you have transferred a pension from another pension scheme into AFPS 15.

You can ask for your deferred pension to be paid from age 55, but the amount of pension will be reduced because it will be in payment for longer.

If, before reaching State Pension Age, you suffer from ill-health to the extent that you have permanent incapacity for full-time work and this incapacity will continue at least until State Pension Age, you can request early payment of your deferred pension on ill-health grounds.

A deferred pension is not paid automatically and should be claimed from the Scheme Administrator (DBS Veterans UK) approximately 3 to 6 months before it is due to come into payment. [Form 8](#) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

Do I get a lump sum?

AFPS 15 will not automatically pay you a pension lump sum.

However, you can create a tax-free lump sum by 'surrendering' a part of your annual pension, a process known as **commutation**. You can take up to 25% of your overall pension benefits as a lump sum. The commutation rate is fixed at 12 to 1 – for every £1 of pension that you permanently give up, you will receive a lump sum of £12.

If you wish to withdraw a lump sum, you must decide within the 6 months before your pension is due to be paid. Once made, your decision cannot be reversed. You must therefore ensure that the annual pension that remains after creating a lump sum is enough to meet your personal needs.

An application form ([Form 9](#)) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

Annual Pension Increases

Once your pension is in payment, it will increase annually in line with the **Consumer Price Index** (CPI) inflation. This is known as re-valuation or indexation. The rate of CPI is calculated each September and the increase applied the following April.

Once your pension is in payment, it is not affected by the Armed Forces annual pay increase.

What happens to my benefits if I was in another Armed Forces Pension Scheme before AFPS 15?

Before the introduction of AFPS 15, the Government made a commitment to protect pension benefits already earned in existing schemes. This means that if you were in Service prior to 1st April 2015 and have earned benefits in another Armed Forces Pension Scheme, these benefits are protected.

These benefits will remain payable at the time they were expected to be paid. They will also be linked to your final pensionable pay/rank at the point of leaving the Services, not the salary and rank at the time of transfer to AFPS 15.

4. Ill-Health Benefits

If you leave the Armed Forces early due to ill-health or injury, then you may be entitled to ill-health benefits. Early retirement due to ill-health means you may be able to take your pension benefits early to help support you financially. The type of benefits you will receive are dependent upon your individual circumstance and the degree of disability.

You will only be entitled to receive an ill-health award if you have completed at least **2 years** of qualifying service.

What ill-health benefits am I entitled to?

There are three levels of ill-health award that can be made if you are medically discharged under AFPS 15, depending on the severity of your medical condition.

Tier 1: A Tier 1 award is made if you are deemed to be unfit for Service in the Armed Forces because of physical or mental impairment, but your ability to obtain gainful civilian employment is not deemed to be significantly impaired.

Tier 2: A Tier 2 award is made if you are deemed to have suffered a breakdown in health, as a result of which, your capacity for gainful employment is significantly impaired and is expected to remain so until you reach age 60 (*normal pension age*).

Tier 3: A Tier 3 award is made for the most serious conditions and is granted if you are deemed to have suffered a permanent breakdown in health involving incapacity for any gainful full-time employment.

If you transitioned into AFPS 15 from another Armed Forces Pension Scheme, your ill-health award will be based proportionately on time served within AFPS 15 and time served within the old Scheme. The proportion of time spent in your old Scheme will be calculated as per the rules of that Scheme.

Calculation of ill-health benefits

Tier 1

What: Under a Tier 1 discharge, you are awarded a tax-free lump sum.

However, if you have passed the point at which you become eligible for an Early Departure Payment (EDP), you will receive an EDP lump sum and monthly income payments instead. You will not be able to receive both an EDP and a Tier 1 lump sum.

You will also be awarded a deferred pension, which will come into payment at State Pension Age.

How: The Tier 1 award will be calculated as 1/8th of your final pensionable earnings (the highest earning 365 consecutive days in the last 3 years), multiplied by your reckonable service (the number of years of Service in AFPS 15). If the calculation produces an award which would be greater than 2 years of final pensionable earnings, the award is capped at 2 years. If the calculation produces an award that would be less than 6 months of final pensionable earnings, the award is rounded up to equal 6 months' pay.

Calculation Station: Tier 1

A member is age 40 and is medically discharged after 8 years' Service. Their final pensionable earnings are £28,000.

Lump sum is calculated as $1/8 \times £28,000 \times 8 = \mathbf{£28,000}$

Tier 2

What: Under a Tier 2 discharge, you are awarded an enhanced taxable ill-health pension paid for life.

If you have passed the point at which you become eligible for an Early Departure Payment (EDP) or another form of AFPS 15 pension, you will receive a Tier 2 award instead of an EDP or another form of pension, because the award is more generous.

How: The enhanced taxable ill-health pension will be calculated by multiplying your average pension by your reckonable service (the number of years of Service in AFPS 15), plus an enhancement. Your average pension is calculated by dividing the pension in your CARE 'pension pot' by your reckonable service. The enhancement is calculated as $1/3^{\text{rd}}$ of the years remaining until age 60 (*normal pension age*).

Calculation Station: Tier 2

A member is age 40 and is medically discharged after 15 years' Service. Their total CARE pension is £12,000 per year.

Average pension is calculated: $£12,000$ (CARE pension) / 15 (reckonable service) = **£800**.

Enhancement is calculated: 60 (*normal pension age*) – 40 (Age) $\times 1/3 = \mathbf{6.66}$

Ill-health pension is calculated: 800 (average pension) $\times 21.66$ (reckonable service + enhancement) = **£17,328**

Tier 3

What: Under a Tier 3 discharge, you are awarded an enhanced taxable ill-health pension paid for life.

If you have passed the point at which you become eligible for an Early Departure Payment (EDP) or another form of AFPS 15 pension, you will receive a Tier 3 award instead of an EDP or another form of pension, because the award is more generous.

How: The enhanced taxable ill-health pension will be calculated by multiplying your average pension by your reckonable service (the number of years of Service in AFPS 15), plus an enhancement. Your average pension is calculated by dividing the pension in your CARE 'pension pot' by the number of years AFPS 15 service. The enhancement is calculated as $1/2$ of the years remaining until age 60 (*normal pension age*).

Calculation Station: Tier 3

A member is age 40 and is medically discharged after 15 years' Service. Their total CARE pension is £12,000 per year.

Average pension is calculated: £12,000 (CARE pension) / 15 (reckonable service) = **£800**.

Enhancement is calculated: 60 (*normal pension age*) – 40 (Age) \times $1/2$ = **10**

Ill-health pension is calculated: 800 (average pension) \times 25 (reckonable service + enhancement) = **£20,000**

What if my condition deteriorates over time?

If your condition deteriorates in an unexpected way, you have the right to ask for a review of your Tier assessment within the first 5 years from your discharge. For example, if you are discharged with a Tier 1 award, you may subsequently qualify for a Tier 2 or Tier 3 award. A Tier review will require you to supply up-to-date medical evidence which supports your claim.

If a Tier 1 decision is successfully reviewed, any lump sum originally paid on discharge from AFPS 15 may have to be paid back before any Tier 2 or Tier 3 pensions will be paid.

What if my ill-health is attributable to Service?

If your condition is mainly due to or worsened by your Service in the Armed Forces, you may be entitled to a pension paid without deduction for income tax.

Attributable benefits are also paid under the Armed Forces Compensation Scheme (AFCS), if ill-health is caused by Service on or after 6th April 2005. If ill-health is caused by Service before 6th April 2005, attributable ill-health benefits may be payable under the Armed Forces Attributable Benefits Scheme 2010 and the War Pensions Scheme.

What if I have a short life expectancy?

All members of AFPS 15 with a serious ill-health condition for which they have less than 12 months to live, may request a single lump sum payment equal to 5 times your annual pension.

What if I am unhappy with the Tier decision that has been made?

You have the right to appeal the Tier decision. If you feel that DBS Veterans UK have made an incorrect assessment of the level of your injury or ill-health, you can appeal under the Internal Disputes Resolution Procedures (IDRP).

In order to appeal, you must write to DBS Veterans UK stating your reasons for appeal and, where possible, provide further medical evidence or information to support this. An appeal is assessed against the same set of criteria used in the initial assessment.

What happens if I receive a Guaranteed Income Payment (GIP) from the Armed Forces Compensation Scheme (AFCS)?

If you receive a GIP from the AFCS, the amount of GIP paid to you is adjusted. This is because it takes into account any income streams you may already be receiving under AFPS 15.

If you receive an ill-health pension for the same injury for which your GIP is paid, that entire pension is taken into account in the payment of GIP. If you receive a GIP and your ill-health Tier changes from Tier 1 to Tier 2 or Tier 3, the full annual value of your ill-health pension will be deducted from your GIP. This may wipe out your entitlement to a GIP.

5. Early Departure Payment

The Early Departure Payment (EDP) Scheme aims to retain personnel in Service through to at least age 40 and to compensate for the fact that a full career to age 60 (*normal pension age*) or beyond is not available to the majority of personnel. The EDP is a benefit which is entirely separate to any pension you may be entitled to and, in the Public Sector, is unique to the Armed Forces.

How do I know if I'm eligible?

To be eligible for an EDP, you will have to reach age 40 or over (but before the age of 60) and serve as a Regular for at least 20 years. This is known as the 20/40 EDP point, since **both** the 20 and 40 year marks have to be passed. If you have a break in Service of more than 5 years, on returning to the Armed Forces you will need to serve for another 20 years or more in order to qualify for an EDP.

What will I receive and when?

If you leave the Regular Armed Forces on or after the 20/40 EDP point but before age 60 (*normal pension age*), you will receive a tax-free lump sum, equal to 2.25 times your annual deferred pension.

You will also receive a taxable monthly income, which is worth 34% of the value of your annual deferred pension. For each year served beyond the 20/40 EDP point, the value of the EDP will be increased by 0.85% of your deferred pension. Refer to the table below for illustrative examples.

From age 55, the EDP income is adjusted to take account of annual increases in the Consumer Price Index.

Since an EDP is **not** a pension, once you reach State Pension Age, the EDP income stops. At this point, your deferred pension becomes payable. It is important to remember that you must claim this pension from DBS Veterans UK (see section 3).

Age	Service	EDP Income until age 60
40 years	20 years	34% of deferred pension based on 20 years' Service
40 years	24 years	34% of deferred pension based on 24 years' Service
44 years	20 years	34% of deferred pension based on 20 years' Service
44 years	24 years	37.4% of deferred pension based on 24 years' Service

What happens to my EDP 15 if I re-join the Regular Armed Forces?

If you are in receipt of an EDP and you re-join the Regular Armed Forces, you can make one of two choices:

1. You can choose to retain your EDP lump sum and continue to receive the monthly income. Your EDP will remain in payment but will not be recalculated when you leave the Regular Armed Forces at the end of your second period of Service.
2. You can choose to stop your EDP monthly income and repay any lump sum already received in full (including interest). At the end of your second period of Service, you will be entitled to a new EDP lump sum and monthly income (if you leave before age 60).

If you are in receipt of an EDP and then re-join the Regular Armed Forces more than 5 years after you originally left, you will retain all of the EDP lump sum and the monthly income will continue. Your payments will not be recalculated in respect of any subsequent period of Service and will stop when your pension comes into payment at State Pension Age.

You are encouraged to seek advice on the effect that re-joining will have on your AFPS 15 benefits.

What happens to my EDP 15 if I join the Reserve Forces?

If you are in receipt of an EDP and then join the Reserve Forces, you will retain all of the EDP lump sum and the monthly income will continue.

Your payments will not be recalculated in respect of any subsequent period of Service and will stop once you reach State Pension Age. At this point, it will be replaced by your AFPS 15 pension.

Inverse Commutation

If you qualify for an EDP, you will receive a tax-free EDP lump sum. You can choose to 'give up' your full EDP lump sum in order to increase your monthly EDP income. This is known as **inverse commutation**.

The decision to inversely commute your EDP lump sum must be made within the 6 months before it is due to be paid. An application form ([Form 9](#)) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

6. Resettlement Grant

The **Resettlement Grant** is a one-off lump-sum payment intended to help you adjust to civilian life.

When you leave the Armed Forces, you will be entitled to a Resettlement Grant provided you:

- Have served for at least 12 years;
- Are not entitled to an EDP, an ill-health award, or an immediate pension;
- Have not previously received a Resettlement Grant;
- Are not a member of the Reserve Forces.

If you receive a Resettlement Grant, there will still be a deferred pension for you to claim when you reach **State Pension Age**.

What happens to my Resettlement Grant if I re-join the Armed Forces?

If you receive a Resettlement Grant and then re-join the Regular Armed Forces or Reserve Forces, you are entitled to keep the Grant.

However, if you re-join as a Regular or a member of the FTRS without a break of at least 31 days, you will have to repay all of your Grant. If you repay the Grant having re-joined as a full time Reservist, on leaving the Reserves you will not be entitled to a further Resettlement Grant.

If you later leave the Regular Armed Forces and had kept the Grant, you will not be entitled to a further Resettlement Grant. But, if you had re-paid this, you are entitled to a new Resettlement Grant.

7. Dependant's Benefits

In the event of your death, your eligible dependants – spouse, civil partner, eligible partner or eligible children – will receive benefits. These may consist of a one-off lump sum (tax-free) and a taxable pension.

A dependant's pension is payable for life, irrespective of remarriage or the forming of a new civil partnership or cohabitation.

Dependants' pensions are only payable if you have completed at least 2 years of **qualifying service**.

Who is eligible?

If, at the time of your death, you have a **spouse** or **civil partner**, they will be eligible to receive a pension. A former spouse from whom you have divorced, or former civil partner, if you have legally dissolved the civil partnership, is not eligible to receive a pension. But, a former spouse from whom you have not divorced, or former civil partner, if you have not legally dissolved the civil partnership, is eligible to receive a pension, even if you have entered into a new relationship.

If your marriage or civil partnership took place within 6 months prior to your death, the award of a pension to your surviving spouse or civil partner will not be automatic. DBS Veterans UK will examine the circumstances of these cases to ensure that the marriage or civil partnership was not entered into purely for financial gain.

If you have no surviving spouse or civil partner, an **eligible partner** may also be eligible to receive a pension, providing that a substantial and exclusive relationship existed with financial dependence or inter-dependence, and there was no legal reason preventing you from getting married or forming a civil partnership.

It is crucial that you keep your details up to date on JPA and regularly review your nomination form to avoid any delay or mistakes in payment in the event of your death.

What benefits are my dependants entitled to?

Your dependants' benefits depend on whether:

- You die **in Service**; or
- You die **after leaving the Service**.

If your surviving spouse, civil partner, or eligible partner is more than 12 years younger than you, their pension will be reduced to take account of the fact that the pension can be expected to be paid over a longer period.

Death in Service

If you die in Service, your spouse, civil partner, or eligible partner will receive an immediate pension paid for life and a tax-free lump sum.

The immediate pension is calculated in the same way as a Tier 3 enhanced ill-health pension, and your spouse, civil partner, or eligible partner will receive 62.5% of this amount. The lump sum is 4 times your final pensionable earnings and will be paid regardless of whether you have completed at least 2 years of qualifying service.

Death in Deferment

If you leave the Armed Forces with a deferred pension and die before this comes into payment, your spouse, civil partner, or eligible partner will receive an immediate pension paid for life and a tax-free lump sum. This is also payable if you were in receipt of an EDP before your death.

The immediate pension is the same as your deferred pension, and your spouse, civil partner, or eligible partner will receive 62.5% of this amount. The lump sum is your deferred pension lump sum. The payment of the lump sum is not automatic and should be claimed by informing DBS Veterans UK of the member's death.

Death in Retirement

If you die after your pension has come into payment, your spouse, civil partner, or eligible partner will receive an immediate pension paid for life and a tax-free lump sum.

The immediate pension is the same as your deferred pension, and your spouse, civil partner, or eligible partner will receive 62.5% of this amount. The lump sum is equal to 5 years of pension (minus any pension or lump sum that you may have previously received) and is only paid if you die within 5 years of drawing your pension. The payment of the lump sum is not automatic and should be claimed by informing DBS Veterans UK of the member's death.

Eligible Children

An eligible child is defined as a child who is under 18, and who was financially dependent upon you on your date of death. In addition, those under the age of 23 who are in full-time education or vocational training are also eligible, as are children, of any age, who are unable to obtain gainful employment due to a physical or mental impairment.

An eligible child receives a pension for as long as he/she remains eligible.

What benefits are they entitled to?

The amount of pension benefits available for children is normally the balance of the pension remaining (37.5%) after the payment of any spouse's, civil partner's, or eligible partner's pension.

Where a pension is payable to a spouse, civil partner, or eligible partner:

- An only child will be eligible to 25% of your pension benefits;
- Two or more eligible children would share equally the balance of your pension benefits after spouse's, civil partner's or eligible partner's pensions are paid.

If there is no spouse, civil partner or eligible partner, all eligible children will share equally 100% of the pension, subject to a maximum of 33.3% per child.

What happens if I don't have any dependants?

If you are single, and die with no dependants or eligible children, payments will be made based on when you die.

In Service: a tax-free lump sum of 4 times your pensionable earnings will be paid to your nominee or estate.

In Deferment: a tax-free lump sum of 3 times your annual deferred pension will be paid to your nominee or estate.

In Retirement: a tax-free lump sum equal to 5 years' worth of pension (minus any lump sum that you may have previously received), will be paid to your nominee or estate.

What happens to my dependants' benefits if I was in another Armed Forces Pension Scheme before AFPS 15?

If you were a member of another Armed Forces Pension Scheme before AFPS 15, the rules of that Scheme will pay either a member's pension or a dependants' pension, depending on your Service in that Scheme.

8. Allocation and Nomination

Allocation

You can choose to **allocate** a proportion of your **annual pension** to one or more nominated dependants who must be financially dependent on you. Upon your death, the person to whom you have chosen to make an allocation will then receive an income for life. Whilst you are alive, you will receive a reduced pension, even if the allocated person has died.

The maximum that may be allocated is 37.5% of your pension.

You can choose to allocate provided that you are not discharged with an ill-health pension or have not requested your deferred pension to be paid early because you are too ill to work permanently full-time.

Once the allocation has taken place, you will not be able to cancel the arrangement. If you die before your pension comes into payment, the allocation will be void.

An application form ([Form 3](#)), can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

Nomination

If a tax-free lump sum is payable in the event of your death, you can decide who should receive it.

You can **nominate** a person(s) or organisation(s) to receive your **lump sum**. You cannot nominate someone to receive your pension. If no nomination is made, or if an existing one is revoked, then the rules of the scheme set out a hierarchy of possible recipients, as follows:

1. Anyone entitled to a surviving partner's pension (spouse/civil partner/eligible partner);
2. Anyone entitled to a child's pension;
3. Your personal representatives (distributed under the terms of your Will).

Even where a spouse, civil partner or eligible partner exists, a valid nomination will take precedence. Your nomination can specify how payments are to be divided between the individual(s) or organisation(s).

DBS Veterans UK will comply with the wishes expressed in the nomination form. However, your nomination may be invalid if you divorce, re-marry, you no longer live with the co-habiting partner nominated, your nominee dies before you, or if your nominee is convicted of certain criminal offences (such as murder or manslaughter of the member).

Any marriage or civil partnership entered into on or after 1st December 2018 will revoke the existing nomination. With this in mind, it is a good idea to keep your nomination up to date.

An application form ([Form 2](#)), can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*. It is vital to keep nominations up-to-date in retirement and Form 2 can be updated after leaving the Service if you need to change your nominee.

9. Divorce and Dissolution

Divorce can have significant consequences on your pension. If you are currently going through the process of divorce or dissolution of a civil partnership, or wish to do so in the future, it is advised that you refer to the *Pension Benefits on Divorce and Dissolution of Civil Partnerships booklet* (MMP 131).

You may also wish to take independent legal advice.

10. Increasing your Benefits

AFPS 15 provides benefits in addition to those provided by the [State Pension](#), to ensure that you have an adequate income in retirement.

Her Majesty's Revenue and Customs (HMRC) allow certain tax concessions to pension schemes which are not available to other forms of retirement savings. Full details about all of the concessions can be found on their website: www.hmrc.gov.uk/pensionschemes.

The option for increasing your benefits in AFPS 15 is **Added Pension**.

Added Pension

Added Pension is an amount of extra annual pension that you can buy. This is done in order to increase either your retirement benefits and/or your dependants' benefits.

For each Scheme year that you wish to purchase Added Pension, a contract is taken out. Any contracts taken out part way through a Scheme year will cease at the end of the Scheme year and will be shorter than 12 months.

Exactly what any given sum will buy depends on factors such as:

- Your age when you start to pay for Added Pension;
- Whether you pay monthly or by lump sum;
- When the contract is taken out, and;
- Whether you buy Added Pension just for yourself or for your dependants as well.

You can obtain a quote by writing to DBS Veterans UK. An application form ([Form 6](#)), can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

The total amount of Added Pension that can be purchased over your public service career will be capped and, from 2015, it is capped at an increase of £6,500 in pension benefits per year.

You may decide to stop contributing towards the purchase of Added Years at any time, but you will only receive a proportion of the amount of Added Years you would have received had you paid the full contributions.

Further Information and Advice

If you are considering taking out any additional benefits, you need to take care that your total pension provision (from **all** pension funds), does not exceed the Annual Allowance and Lifetime Allowance (see Appendix II for full definitions). If it does, then you may incur a tax charge.

You may wish to take independent financial advice about purchasing additional benefits before making a decision.

11. Transferring your Benefits

Transferring benefits into AFPS 15

If you were previously a member of an occupational pension scheme with a former employer before joining the Armed Forces, or if you have a personal pension, you can request to transfer the value of some, or all of those benefits into AFPS 15. This must be made within 5 years of leaving the previous employer and within 12 months of becoming a member of AFPS 15.

The transfer of the value of the benefits that you bought or earned in another pension scheme will involve converting the value of those benefits, using the appropriate calculation, into an amount to be credited to your AFPS 15 pension.

If you transfer in Service from another occupational pension scheme, this Service will count towards the 2 year qualifying period for pension benefits, but it will not count towards the qualifying Service for an Early Departure Payment or for a Resettlement Grant.

You will still need to complete the required 20 years of Service in the Armed Forces and reach age 40 to qualify for an EDP.

Transferring benefits out of AFPS 15

If you leave the Armed Forces before your pension is payable and you take up new employment, you might be able to transfer the value of your deferred pension benefits from AFPS 15 into your new scheme.

Before transferring out of AFPS 15, it is worth asking your new scheme what the value of your AFPS benefits will buy in their scheme. Once a transfer agreement has been entered into with the new pension scheme, you cannot change your mind.

The Government has prevented transfers from AFPS 15 to some other schemes in the UK or abroad. This means you can only transfer your AFPS 15 pension to a scheme that does not allow you to take cash from your pension (known as a pension drawdown).

Can I transfer my benefits if I have less than 2 years' Service?

If you leave the Armed Forces before you have completed 2 years' qualifying service, you will still be able to transfer the value of the pension earned in this time to another pension scheme.

You must have completed a minimum of 3 months' Service, and you must apply to DBS Veterans UK within 6 months of leaving the Armed Forces and before State Pension Age.

Further Information and Advice

An application for pension transfers should be made to DBS Veterans UK.

Your pension benefits are valuable, and you are strongly advised to take independent financial advice about transferring benefits before making a decision.

12. Re-Employment

If you leave the Armed Forces, you may decide to re-join, either as a Regular or Reserve.

Re-employment can have significant consequences on your pension. If you have re-joined the Regular Armed Forces or Reserve Forces, or you may wish to do so in the future, you should refer to the *Armed Forces and Reserve Pension Schemes Re-Employment [booklet](#)* (MMP 116).

The booklet's purpose is to explain the effect that re-employment in the Armed Forces may have on your pension or other benefits that you received when you originally left. It also provides information on important concepts such as **aggregation** and **abatement**.

You are advised to check the impact of re-employment on any pension benefits prior to re-joining the Armed Forces.

13. Reserve Forces

The following Reserve personnel are eligible to be members of AFPS 15 and will be automatically enrolled into the Scheme:

- Part Time Volunteer Reserves;
- Full Time Reserves;
- Additional Duties Commitment;
- Non-Regular Permanent Staff;
- Ex-Regular Reserve.

Membership

If you are on paid Service in the Reserve Forces, you will be an active member of AFPS 15, providing you have not opted out of the Scheme or you have Transitional Protection. All members of the Part Time Volunteer Reserves will automatically become members of AFPS 15 on 1st April 2015, regardless of Transitional Protection.

In order to be eligible to receive any AFPS 15 benefits as a member of the Reserve Forces, you will be required to serve for 2 calendar years. Any pensionable service in your old Armed Forces Pension Scheme between 1st April 2010 and 31st March 2015 will also count towards the 2 years of qualifying service, provided that the gap in Service is less than 5 years.

Retirement Benefits

Attendance based paid service, such as Man Training Days and Drill Nights, counts as pensionable pay and will contribute to your pension. Elements of pay which will not contribute to your pension are the same as those which are not pensionable for Regular Service personnel, such as Recruitment and Retention payments and allowances.

Reserve Service will not qualify towards Early Departure Payment benefits or a Resettlement Grant.

What happens if I was a member of a Legacy Armed Forces Pension Scheme and I join the Reserves?

If you re-join the Armed Forces and have an old Armed Forces pension in payment, this may be suspended or reduced to ensure that your pension or EDP income plus your new salary does not exceed your previous salary. This is known as **abatement**.

Abatement policy will be applied to any pension earned under your old Scheme, including any EDP 05 income. The only exception to this is if you re-join the Armed Forces on Part Time Volunteer Reserve contract whilst in receipt of an EDP 05. In this instance, there is no abatement or repayment.

If you re-join the Armed Forces as a Reserve, abatement policy will **not** apply to any pension benefits that you earned as a member of AFPS 15.

14. Pension Forecasts

Online Pension Calculator

It is important that you have a good understanding of your Armed Forces pension benefits. To help you understand what pension and related benefits you might receive and when they are due to be paid, the **Online Pension Calculator** will produce an online forecast based on your Service career. It will also allow you to profile different career scenarios and see how leaving the Armed Forces at various times could affect your future benefits.

The Online Pension Calculator will provide a forecast which includes pension benefits earned under AFPS 15.

You can access the calculator at:

www.mod-pc.co.uk

Manual Pension Forecasts

If you are able to use the Online Pension Calculator to obtain a benefit forecast, then you should do so. If you are not able to use the Calculator or require an accurate pension forecast, DBS Veterans UK produce written forecasts. All Service personnel are entitled to request one written pension forecast each year at no cost by completing and submitting a form.

An application form (Forms [12](#) or [14](#)) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

Annual Benefits Information Statement

Each year shortly after your birthday, a benefits information statement will be sent to you. This contains information about the pension benefits you have built up or are currently entitled to.

15. Opting Out

You can opt out of AFPS 15 at any time. However, your Armed Forces pension is a valuable benefit, and you should carefully consider all your options, comparing any costs and the value of the many benefits provided by AFPS 15. If you are considering opting out, it is also worth taking advice from an independent financial advisor.

To opt out, you will need to inform DBS Veterans UK in writing. An application form ([Form 16](#)) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

Even if you opt-out of AFPS 15, your entitlement to an Early Departure Payment, Redundancy, or a Resettlement Grant remains valid.

If you opt to leave AFPS 15, but later decide that you want to re-join the Scheme, you can do so by writing to DBS Veterans UK. You can do this once in any 12-month period, providing you are still in Service, and under age 60 (*normal pension age*). If you do decide to opt back in, then the period that you were out of AFPS 15 does not count towards any benefits.

16. Dispute and Complaints Resolution

If you are not satisfied with how the rules of AFPS 15 have been interpreted and applied by the Scheme Administrator (DBS Veterans UK), you can use the Internal Disputes Resolution Procedures (IDRP) to resolve an issue. Disputes can be disagreements concerning fact or law or maladministration of a pension award. You must have reason to believe that the decision was not properly made or implemented.

If you wish to make a complaint you should, in the first instance, write to DBS Veterans UK at the following address:

Pay Allowances Casework & Complaints Cell

DBS Mail Point 600
Kentigern House
65 Brown Street
Glasgow
G2 8EX

Tel (civ): 0141 224 2605

Tel (mil): 94561 2605

Email: DBSMilPers-MilOps-PACCC-Group@mod.uk

DBS will aim to acknowledge your complaint within 2 working days of receipt and respond within ten working days where possible.

Internal Dispute Resolution Procedures

IDRP is a formal procedure set up to resolve disagreements between the Scheme Administrator and individuals who have an interest in the scheme, such as members, spouses/civil partners, or dependants. It provides the opportunity to complain to the Scheme Administrator about matters relating to the pension scheme and maximise the opportunity to resolve the disagreement internally.

The IDRP is a single stage process which looks at all aspects of a complaint, along with any additional information or evidence provided. There is no appeal stage, but if there is anything that you have not understood, DBS Veterans UK will be happy to assist. If you wish to seek independent advice or assistance during or after a complaint, you may contact The Pensions Advisory Service (TPAS).

The Pensions Advisory Service

TPAS is an independent body, financed in part by the Department for Work and Pensions. You may contact TPAS for advice at any stage during the IDRP, but you must have raised your complaint in writing to DBS before contacting TPAS for assistance. A TPAS advisor is available to assist you and your dependants through the process to help resolve any difficulties you have failed to resolve with DBS.

The contact details are:

TPAS
120 Holborn
London
EC1N 2TD

Tel: 0800 011 3797

Website: www.pensionsadvisoryService.org.uk/online-enquiry

Pensions Ombudsman

The Pensions Ombudsman has the power to investigate any complaints and settle disputes between a pension scheme and a complainant. They will usually only become involved if the IDRP and the TPAS have been unable to address the problem. Complaints must normally go to the Ombudsman within 3 years of whatever event caused the dispute. The Ombudsman cannot investigate a dispute once formal legal proceedings have begun.

The contact details are:

The Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Tel: 0800 917 4478

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

TPR is able to intervene in the running of pension schemes where the management of the scheme has failed to comply with the law.

The contact details are:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Tel: 020 606 3636

Email: customersupport@thepensionsregulator.gov.uk

Website: www.thepensionsregulator.gov.uk

17. Further Information

If you have any queries about the basic principles of AFPS 15, you can obtain further guidance from DBS Veterans UK. They are responsible for the assessment, award, payment and maintenance of all Armed Forces pensions. Correspondence in relation to pensions should be clearly headed as such and sent to the following address:

DBS Veterans UK

Joint Personnel Administrative Centre (JPAC)

Veterans UK Pension Division

Mail Point 480

Kentigern House

65 Brown Street

Glasgow, G2 8EX

Website: <https://www.gov.uk/government/organisations/veterans-uk>

Tel (Civ): 0800 085 3600

Tel (Mil): 94560 3600

Tel (overseas): 0044 141 224 3600

Email: DBS-PensionsHelp@dbspv.mod.uk

There is also further information about AFPS 15 and related benefits as well as information about legacy Armed Forces pension schemes on www.gov.uk.

Appendix I – Time Limits

Some of the actions you might wish to take are time-limited.

Action	Time Limit
Making a transfer of pension benefits from previous employment under Public Sector transfer arrangements.	You must apply within 5 years of leaving your former employer and within 12 months of joining AFPS 15.
Making a transfer of pension benefits in or out of AFPS 15.	You must apply within 12 months of joining the new pension scheme and before your pension is due to be paid.
Making a transfer out of AFPS 15 pension benefits after leaving the Armed Forces with less than 2 years' Service.	You must apply within 6 months of leaving the Armed Forces and before your pension is due to be paid.
Commutation of pension to create lump sum.	You must apply within 6 months before your pension is due to be paid.
Inverse Commutation of EDP lump sum to create EDP pension.	You must apply within 6 months before your EDP is due to be paid.
Election to retain EDP lump sum and continue to receive monthly income on re-joining the Regular Armed Forces.	You must apply within 1 month of re-joining the Armed Forces.
Claim deferred pension.	No limit, but you are advised to submit your claim to DBS Veterans UK at least 3 months before your pension is due for payment at State Pension Age.
Make an allocation of your pension to one or more nominated individuals.	You must apply within your final 6 months of Service.
Make a nomination for an individual/organisation to receive your Death Benefit Lump Sum.	No limit.

Appendix II – Technical Terms

Abatement	If you re-join the Armed Forces and have a pension in payment, it may be suspended or reduced to ensure that your pension and new salary combined does not exceed your previous salary.
Added Pension	Added Pension is an amount of extra annual pension that you can buy. This is done in order to increase either your retirement benefits and/or your dependants' benefits.
Armed Forces Attributable Benefits Scheme (AFAB) Scheme	If your injury or illness is attributable to Service before 6 th April 2005, you may receive a payment under the Armed Forces Attributable Benefits Scheme as part of your compensation package. To be considered under AFAB, your injury or illness must also have been found to be attributable under the WPS.
Armed Forces Compensation Scheme (AFCS)	A Compensation Scheme for members of the Regular and Reserve Forces. It provides compensation for all injuries, ill-health, and deaths which were predominantly caused by Service on or after 6 th April 2005. More information about the Scheme can be found here .
Armed Forces Pension Scheme 1975 (AFPS 75)	The Pension Scheme for Regular Service personnel, introduced in April 1975 and closed to new entrants from 6 th April 2005.
Armed Forces Pension Scheme 2005 (AFPS 05)	The Pension Scheme for Regular Service personnel who joined the Armed Forces from 6 th April 2005, and from 6 th April 2006 for Regular Service personnel who elected to transfer as a result of the Offer to Transfer. AFPS 05 closed to new members from 1 st April 2015 onwards, with the exception of members with transitional protection.
Armed Forces Pension Scheme 2015 (AFPS 15)	The Pension Scheme for Regular and Reserve Service personnel who join the Armed Forces from 1 st April 2015, and those Service personnel who were already in Service on that date and did not qualify for transitional protection.
Aggregation	When two or more separate periods of qualifying service are added together.
Allocation	When a member chooses to allocate a proportion of their annual pension to one or more nominated dependants who must be financially dependent on the member in order for them to receive an income for life.
Annual Allowance	The limit on what can be added each tax year to the value of the pension without tax charge. The rule is that, when added together, the increase in the value of an individual's pension savings in any input period may not exceed the Annual Allowance. Any amount over the Annual Allowance is taxed at 40%, which is due as a lump sum when the tax liability is calculated.
Attachment Order	A Court Order made as part of a divorce or dissolution settlement to pay all or part of a Scheme members' pension benefits to the member's former spouse or civil partner.
Attributable	The term used to describe a death, injury, or illness which was caused, hastened or significantly aggravated by Service in the Armed Forces.
Career Average Revalued Earnings	A CARE pension scheme is one which provides pension benefits which are directly proportionate to pensionable earnings received throughout a career.

Civil Partner	A person of the same sex with whom there is a legally recognised partnership.
Commutation	When a member gives up part of their pension income in return for a tax-free lump sum.
Consumer Price Index	This measures the change in price levels in the UK. It is the method currently used to increase the value of pensions in April every year.
Dependants	A Scheme member's spouse, civil partner, eligible partner, or eligible children.
Earmarking Order	A Court Order under Scottish law, made as part of a divorce or dissolution settlement, to pay all or part of a member's pension to the member's former spouse or civil partner.
Early Departure Payment (EDP) Scheme	A payment made to members of AFPS 15 who leave the Regular Armed Forces before age 60, after a minimum of 20 years' qualifying service AND who are at least age 40.
Eligible Child	A natural child or any child, who is financially dependent on the scheme member and who is under 18; under 23 and in full time education or vocational training; or unable to engage in full time gainful employment because of a physical or mental impairment, and the person was dependant on the scheme member at the time of death.
Eligible Partner	Someone with whom a Scheme member was cohabiting, in an exclusive and substantial relationship with financial dependence or inter-dependence with whom they were not prevented from marrying or forming a civil partnership.
Final Pensionable Earnings	The greatest amount of the member's total pensionable earnings in the best 365 consecutive days of their final 3 years of Service.
Full Time Reserve Service Pension Scheme 1997 (FTRS 97)	The Pension Scheme applicable to Reserve Service personnel who gave Full Time Reserve Service before 6 th April 2005. The Scheme was closed to new entrants and those starting new commitments from 6 th April 2005.
Inverse Commutation	When a Scheme member exchanges some or all of an EDP lump sum for an increase in the amount of monthly EDP income.
Lifetime Allowance (LTA)	The Lifetime Allowance is the maximum amount of pension savings that a person can build up over their life from all registered pension schemes before incurring a tax charge. From April 2020, LTA is £1.073M.
Member	An individual who has joined AFPS 15 and is earning benefits under the Scheme (active member), has a deferred pension under the Scheme (deferred member), or is receiving a pension from the Scheme (pensioner member).
The Reserve Forces Non-Regular Permanent Staff Pension Scheme (NRPS)	The Pension Scheme for members of the Reserve Forces who serve on a full-time basis in units or posts responsible for the Army Reserve.
Normal Pension Age	The earliest age at which a person is entitled to an unreduced pension payable immediately on leaving Service. The NPA for AFPS 15 is 60.
Opting Out	This occurs when an individual chooses not to become a member of AFPS 15, or chooses to leave the Scheme, if already a member.
Pension Credit Member	A former spouse or civil partner who becomes a member of a pension scheme in their own right as a result of a Court Order which decrees that a percentage of the value of a Scheme members' pension benefits are transferred to them permanently.

Pension Debit Member	A Scheme member whose pension is reduced as a result of a Court Order which decrees that a percentage of the value of their pension benefits are transferred to their former spouse or civil partner.
Pensionable Earnings	Basic pay, but excluding allowances, expenses, bonuses, financial incentives, Loan Service Pay, and any form of Recruitment and Retention Pay.
Pension Pot	Your pension pot is the total amount of pension contributions that your employer has made to save for your retirement.
Pension Sharing Order	An Order made by the Court on divorce or dissolution of a civil partnership. It creates pension benefits for a former spouse or civil partner and they become a member of the Scheme in their own right.
Qualifying Service	Qualifying service refers to the amount of time you have been a member of AFPS 15. It is the calendar days that you are in receipt of pensionable earnings or assumed earnings in AFPS 15. Hypothetically, if you worked 1 day a week for 2 years, your qualifying service would still be 2 years. As the name suggests, qualifying service qualifies you for certain benefits.
Reckonable Service	Reckonable service refers to the actual years and days that count towards your pension. It is reckonable service that counts in the calculation of the amount of your benefits under AFPS 15. Hypothetically, if you worked 2.5 days a week for 2 years, your reckonable service would only be 1 year. In general, it is likely that your qualifying service will be the same as your reckonable service. But for some people, their qualifying service will be more than their reckonable service.
Resettlement Grant	A lump sum payable to Regular Service personnel who do not qualify for an EDP or ill-health benefits, but who have completed more than 12 years' service.
Reserve Forces Pension Scheme 2005 (RFPS 05)	The pension scheme for Reserve Service personnel starting or renewing a Full Time Reserve Service (FTRS) commitment, including those on Additional Duties Commitment (ADC) terms on or after 6 th April 2005.
Scheme Administrator	Defence Business Services – Veterans UK is the Scheme Administrator for all Armed Forces Pension Schemes.
Spouse	A legally married partner of the Scheme member.
Substantial Relationship	To establish whether a relationship is substantial, various factors are taken into consideration, such as; children, financial dependence or inter-dependence, shared commitments such as a mortgage, prime beneficiary of a will, shared accommodation, the length of the relationship and the absence of a legal spouse or civil partner (on either side).
Transfer Value	The sum of money that a member requests to transfer between two pension schemes.
War Pension Scheme (WPS)	The WPS provides no-fault compensation for all ex-Service personnel where illness, injury or death is caused by Service before 6 th April 2005. More information about the Scheme can be found here .

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