

THE ARMED FORCES PENSION SCHEME 2015 (AFPS 15)

FREQUENTLY ASKED QUESTIONS (FAQs)

This FAQs document is for guidance only and does not cover every individual circumstance. The information below is correct as of February 2015 and further updates will be promulgated as more details become available.

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A. Who is affected?

Am I affected by the changes to the current Armed Forces Pension Schemes?

You may be affected if you are still serving in the Armed Forces when the Armed Forces Pension Scheme 2015 (AFPS 15) is introduced on 1 April 2015.

This includes members of the Armed Forces Pension Schemes 1975 and 2005 (AFPS 75 and AFPS 05), including the Military Provost Guard Service (MPGS), as well as members of the Non-Regular Permanent Staff (NRPS), Full Time Reserve Service 1997 pension scheme (FTRS 97) and Reserve Forces Pension Scheme 2005 (RFPS 05). These personnel will be automatically transferred to the new scheme if they don't have Transitional Protection (see below).

Those who are members of the Part Time Volunteer Reserves (e.g. the Royal Naval Reserve, the Royal Marine Reserve, the Army Reserve, the Royal Air Force Reserve and the Royal Auxiliary Air Force) are not currently members of an Armed Forces Pension Scheme unless they are mobilised. However, from 1st April 2015 these personnel will be able to become members of AFPS 15.

All members of the Gurkha Pension Scheme are due to have left by April 2015, so won't be affected.

Will I have to join AFPS 15?

Transfer to AFPS 15 will be automatic for Service personnel who are members of an Armed Forces Pension Scheme on 1 April 2015 (unless they qualify for transitional protection – see below). This is in line with Government policy for all new public service pension schemes.

Members of the Part Time Volunteer Reserve who are not members of an Armed Forces Pension Scheme on 1 April 2015 will be enrolled into AFPS 15 from that date.

I am due to leave the Services before April 2015, what happens to me?

You will be unaffected (unless you re-join at a later date. See re-joiner Q&A later in this section).

I have left the Services and don't yet have my pension; will I be affected on 1 Apr 2015?

No, you aren't affected by the introduction of the new pension scheme (unless you re-join at a later date. See re-joiner Q&A later in this section).

I have left the Services and am already receiving my pension; will I be affected by AFPS 15?

No, you aren't affected by the introduction of the new pension scheme (unless you re-join at a later date. See re-joiner Q&A later in this section).

I've heard mention of protection for certain groups, what does this mean?

The Government has offered transitional protection for those within ten years of their respective scheme's Normal Pension Age (NPA) on 1 April 2012. AFPS 75, AFPS 05 and FTRS 97 (Full Commitment) have a NPA of 55. RFPS 05, FTRS 97 (on Limited or Home Commitment) and NRPS have a NPA of 60. This means that if you are a member of AFPS 75, AFPS 05 or FTRS 97 (FC) and were aged 45 or over on 1 April 2012, if you are a member of RFPS 05 (including those on Additional Duties Commitment), FTRS 97 (on LC or HC) or NRPS and were aged 50 or over on 1 April 2012, you will remain in your current pension scheme and your benefits will be unaffected.

I am covered by Transitional Protection, but want to transfer to AFPS 15. Can I do this?

No. If you are covered by transitional protection you will remain on your current scheme until you exit the Armed Forces. You have no legal right to be able to choose your pension scheme in order to maximise your benefits.

I am covered by Transitional Protection, but want to serve to age 60, can I do this?

The three Services have already agreed to extend Terms of Service (TOS) to reflect the changes to the Early Departure Payment (EDP) point, see **DIB 2013DIB/58** at the end for more information. The New Employment Model (NEM) study is also examining the adjustment of ToS to enable certain cohorts to serve to age 60.

It is important to note that if you do serve to age 60, you may not be able to accrue full pension for every year of additional service that you give:

- Under AFPS 75, officers can accrue a maximum of 34 years pensionable service and Other Ranks a maximum of 37 years.
- Under AFPS 05, all ranks can accrue a maximum of 40 years pensionable service.

So, if you are allowed additional service, you may reach the maximum limit and not accrue pensionable service for some of that time. Because you have transitional protection you will not be allowed to transfer to the new scheme. These are the rules of the existing schemes; MOD would not be able to argue to protect your accrued pension rights if it were also trying to change some of the rules. You will still be adding to your pension by increasing your final salary (on which the current schemes are based) and, of course, you will still be earning a salary during that period.

I am a member of AFPS 75 and have transitional protection. If I left and then re-joined the Regulars, which scheme would I go into?

- If you re-joined within 30 days, you would rejoin AFPS 75 (as it would be treated as 'continuous service').
- If you re-joined after 30 days but within 5 years, you would be placed in the last final salary scheme which was 'open' before 1 April 2015, so you would join AFPS 05.
- If you re-joined after a break of 5 or more years (and didn't join another public service scheme in the meantime), you would be placed in AFPS 15 for your new period of service.

I am a member of AFPS 05 and have transitional protection. If I left and then returned as a Full-Time Reservist, which scheme would I go into?

To qualify for transitional protection as a member of RFPS 05, you would have to have been aged 50 on 1 Apr 12. If this was the case **and** the break was less than 5 years, you would rejoin RFPS 05. If you re-joined after a break of 5 or more years (and didn't join another public service scheme in the meantime); you will join AFPS 15 for your new period of service.

In Summary: the re-joiners rule for those with transitional protection is if you leave and:

- **re-join within 5 years or**
- **re-join after 5 years (but are in another public service scheme in meantime)**
You will be placed in the last open, final salary scheme, as follows:
 - AFPS 75 AFPS 05 (unless a 30-day break, then AFPS 75)
 - AFPS 05 AFPS 05
 - Gurkha Pen Scheme AFPS 05
 - Royal Gibraltar Pen Scheme Royal Gibraltar Pen Scheme
 - FTRS PS 97 RFPS 05
 - RFPS 05 RFPS 05

I'm a member of AFPS 75 but I won't qualify for my Immediate Pension until just after 1 Apr 2015. Does this mean that I will lose it?

Key terms of your accrued pension rights are that you will have the value of your pension benefits earned up to the introduction of AFPS 15 protected. These benefits will remain payable at the time they were expected to be paid in accordance with the existing scheme rules and linked to the final pensionable salary or rank at the point of leaving the Services. So providing you remain in service and complete the required length of pensionable service (in AFPS 75 or AFPS 15 - it doesn't matter which) then you will still qualify for your Immediate Pension (IP).

For example, an AFPS 75 Sgt, DoB 1 May 1975, joined 1 May 1993, IP point would be 1 May 2015. That Sgt would not have qualified for an IP at the point of transition to the new scheme. Providing she continued to serve and completed 22 years pensionable service (over the age of 18) then she would still qualify for an IP, which would consist of approximately:

$\frac{21 \text{ yrs } 11 \text{ month}}{22 \text{ yrs}}$ X the IP that would have been paid had there been no change to AFPS 75

Plus one month of AFPS 15 benefits - which would be payable at SPA. Similar principles apply to members of AFPS 05 in relation to the EDP.

I'm a member of AFPS 05 but I won't qualify for my Early Departure Payment until just after 1 Apr 2015. Does this mean that I will lose it?

Key terms of your accrued pension rights are that you will have the value of your pension benefits earned up to the introduction of AFPS 15 protected. These benefits will remain payable at the time they were expected to be paid in accordance with the existing scheme rules and linked to the final pensionable salary at the point of leaving the Services. So providing you remain in service and complete the required length of pensionable service (in AFPS 05 or AFPS 15 - it doesn't matter which) then you will still qualify for your EDP.

For example, an AFPS 05 Sgt, DoB 1 May 1975, joined 1 May 1997, EDP point would be 1 May 2015. That Sgt would not have qualified for an EDP at the point of transition to the new scheme. Providing she continued to serve and completed 18 years pensionable service (and age 40) then she would still qualify for an EDP, which would consist of approximately:

$\frac{17 \text{ yrs } 11 \text{ month}}{18 \text{ yrs}}$ X the EDP that would have been paid had there been no change to AFPS 05

Plus one month of AFPS 15 benefits - which would be payable at SPA. Similar principles apply to members of AFPS 75 in relation to the Immediate Pension.

I am a Medical Officer, what will happen to my bonus payments once I transfer to AFPS 15?

Medical Officers and Dental Officers (MODOs) who are currently members of AFPS 05 and who transfer to AFPS 15, will receive a proportionate allowance of all post April 2015 bonus payments. The proportion received will reflect your length of service completed up to 31 March 2015. There will be no MODO Bonus Scheme arrangements under AFPS 15 and therefore, all MODOs who transfer to the new scheme will be eligible for a proportion of the AFPS 15 EDP. In order to qualify for AFPS 15 EDP benefits individuals must be age 40 AND have at least 20 years qualifying service. Qualifying service is recognised for both AFPS 05 and AFPS 15 service. MODOs who leave the Armed Forces at or beyond the AFPS 15 Normal Pension Age of age 60 will receive an immediate pension instead of EDP benefits. Any bonus already received by members prior to 1 April 2015 will be retained in full subject to current return of Service rules. More details, including worked examples, can be found in **DIN 2014DIN01-143**.

Will the full Return of Service commitment still be applied for those who only receive proportionate Bonus payments?

Yes, a full Return of Service (RoS) is still required regardless of whether you receive a full or proportionate MODO Bonus payment. If you receive a proportion of the Bonus you will be eligible to receive a proportion of the AFPS 15 EDP therefore the RoS will still need to be completed. Examples of how the MODO Bonus Payments and EDP will be calculated are detailed in **DIN 2014DIN01-143** including the required RoS.

My current Terms of Service (ToS) mean I will have to exit the Armed Forces before I qualify for the EDP/ reach the Normal Pension Age (NPA) under the new scheme, should I apply for an extension to my ToS?

As a general principle, all eligible Service personnel who will be serving beyond 1 Apr 15 on an engagement or commission which currently allows them to reach their current scheme's Immediate Pension (IP) point or EDP (18/40) point, but not the EDP point for AFPS 15 (20/40), will be offered an extension to align with the revised Terms of Service.

As an officer member of AFPS 75, if I choose to leave the Armed Forces before reaching my Expected Expiry Date (EED) then my pension will be calculated using Premature Voluntary Retirement (PVR) rates which are lower than the Compulsory rates used if I chose to retire at my EED. If I accept an extension of service, how will this rule affect me?

When accepting an offer of extended service, an Officer's original EED will remain an 'option point' and therefore if you leave at that original point you will not be penalised and will be still be entitled to an AFPS 75 Immediate Pension at Compulsory rates. Compulsory rates will also be used if you retire at the new EED. PVR rates will be used if you choose to retire at any point in between the two dates.

I am a member of AFPS 75. Can I still apply for Resettlement or Life Commutation as an accrued right?

Yes. If you are currently a member of AFPS 75, then you have accrued rights to the rules of that scheme, so you will be able to apply for resettlement or life commutation for the AFPS 75 portion of your pension. See link to **DIN 2012DIN01-175** at the end for more information. See Section D for further information regarding commutation under AFPS 15.

I am a member of AFPS 05. Can I still apply for inverse commutation as an accrued right?

Yes. If you are currently a member of AFPS 05, then you have accrued rights to the rules of that scheme. Under AFPS 05 there is no provision to commute part of the EDP but you can opt to inversely commute all or part of the pension lump sum to increase the amount of pension income. See Section D for further information regarding commutation under AFPS 15.

Does the introduction of AFPS 15 affect Resettlement Grants (sometimes informally referred to as 'half pensions')?

No. It is true that some of the booklets for the current pension schemes make reference to Resettlement Grants, but in reality the two benefits are unrelated. The 9 years service (for Officers in AFPS 75) and 12 years service (for Other Ranks in AFPS 75 and all ranks who are members of AFPS 05) Resettlement Grants are not being reviewed as part of the changes to the new pension scheme. Further details clarifying the status of Resettlement Grants have been published in **DIB 2012DIB 67/12** see link at the end for more information.

I get a pension supplement – will this be an accrued right?

Yes – see link to **DIN 2012DIN01-175** at the end for further details.

I left AFPS 05 on secondment to the UN/NATO – what are my accrued rights?

Refer to DIN 2013DIN01-086.

I took the Offer to Transfer to AFPS 05 but with the introduction of AFPS 15, I can now see that it would have been more beneficial to remain a member of AFPS 75, can I reverse my decision?

No, there is no option to reverse a decision to transfer to AFPS 05. The Offer to Transfer (OTT) booklet stated '*You will only have one opportunity to transfer, known as the Offer To Transfer, and once you have made your decision you cannot change it.*' The OTT was based on the information available at the time but new legislation regarding Public Service Pensions was introduced in April 2013. The MOD will not insure SP against changing financial circumstances therefore previous decisions made must stand. This also applies to those who opted to remain in AFPS 75 who might now decide that it would have been more beneficial to transfer to AFPS 05.

I am currently a member of AFPS 75. If I am promoted in 2014, I am concerned that I won't have accrued sufficient pensionable service to qualify for AFPS 75 accrued rights at the higher rank when the new scheme is introduced in 2015.

Service personnel need to accrue two years of pensionable service (substantive) to qualify for pension rights at that rank. If you are promoted and go on to serve for two or more years in that rank, it will make no difference whether the two years is under AFPS 75 or AFPS 15, although only years of pensionable service before 1 April 2015 will count towards AFPS 75 accrued rights unless transitionally protected. See link to **DIN 2013DIN01-186** at the end for further information.

I heard that the Government are raising the Normal Minimum Pension Age; will this affect the Armed Forces?

The Normal Minimum Pension Age (NMPA) is the earliest age at which your pension can be paid to you. The Government intends to increase the NMPA in 2028 from age 55 to 57 to reflect that people will be living and working for longer in the future. **This increase will not affect members of the Armed Forces;** Firefighters and Police are also exempt. The increase in age limit will apply to all schemes that qualify for tax relief.

How can I obtain a forecast of my benefits?

The Online Pension Calculator (see link in Section F) will provide a forecast which includes both pension benefits earned under **AFPS 15** and pension benefits accrued under the current pension schemes. The Calculator provides forecasts for most groups with the exception of those mentioned in the next Q&A below.

All Service personnel are also entitled to request one written pension forecast each year at no cost by completing and submitting a form which is available at the following links:

DII: DBS Veterans UK Armed Forces Pension Forms:

<http://www.ipublish.dii.r.mil.uk/nlapps/docs/default.asp?fid=1997>

Internet: DBS Veterans UK Pension Forms (www):

<https://www.gov.uk/government/publications/service-personnel-and-veterans-agency-spva-pensions-forms>

Once completed the form should be printed and sent by post to the following address:

Defence Business Services
Veterans UK
Mail Point 480
Kentigern House
65 Brown Street
Glasgow G2 8EX

Additional forecasts can be requested. Each forecast will cost £75 +VAT.

Who does the Online Pensions Calculator not provide an accurate forecast for?

A small number of SP are not able to get a complete forecast from the calculator Those affected groups are:

- RFPS Medical & Dental Officer members.
- RFPS Professional Aviator members.
- FTRS97 members.
- Members with Additional Voluntary Contributions.
- Members with Transfers in.
- Divorced members with Pension Sharing Orders.
- Members who wish to opt for Inverse commutation.
- AFPS 75 Senior Officers, 3* and above who joined between 1 Jun 89 to 5 Apr 05 who have their salary capped at £141K to count towards pension.
- AFPS 05 MODOs
- Members of the Royal Gibraltar Regiment Pension Scheme

How can I obtain a forecast if my circumstances are not covered by the Calculator?

If the online pension calculator does not cover your individual circumstances, you should request a forecast by completing a form which is available from the links in the Q&A above. Once completed the form should be printed and sent by post to address in the Q&A above.

Who can't Veterans UK provide a complete forecast for?

Some detail of accrued rights for small groups continues to be developed. As a consequence, until the detailed policy is confirmed, neither Veterans UK nor the upgraded calculator will be able to provide a forecast for:

- Gurkhas who took the Gurkha Offer To Transfer to either AFPS 75 or AFPS 05:
 - Officers with service prior to 1997
 - Soldiers with service prior to 1993

Why can't I use the original version of the online pension calculator to provide me with a forecast of the benefits I would have received under AFPS 75/ AFPS 05?

The original version of the online pension calculator is no longer available. The calculator was upgraded to incorporate the features of AFPS 15 and even Service personnel with transitional protection and therefore not affected by the new scheme will be able to use it to produce a pension forecast. There is no benefit to the individual or the MOD in enabling Service personnel to produce a forecast of benefits using outdated information.

C. Why change?

An updated Armed Forces Pension Scheme was introduced in 2005 – why do we have to change again?

Public Service pensions are becoming increasingly unaffordable as people are living longer (in 1970 the life expectancy of a 60 year old was a further 18 years, this has risen to 28 years)¹. The cost of public service pensions has risen by more than a third over the last ten years to £32 billion in 2008/2009. Change has to be introduced to ensure public service pensions, including Armed Forces' pensions, will be affordable and sustainable in the long term: fair to Service personnel, as well as for taxpayers who ultimately meet the costs.

Didn't the introduction of AFPS 05 address the affordability issue?

The move to AFPS 05, in 2005, was not driven by a need to reduce costs, but was intended to bring the previous main pension scheme (AFPS 75) up to date with changes to society and the law (for example AFPS 05 moved Officers and Other Ranks onto common pension terms).

Don't we have a shorter life expectancy than civilians and therefore receive our pension for a shorter time?

This is not true. Predicting life expectancy is complex and depends on a number of factors, but in general, those who have been members of the Armed Forces tend to live a little longer than their civilian counterparts:

- A UK male who was aged 60 in 2010 would generally have a life expectancy of 86 years and a similar female would have a life expectancy of 88 years.
- A retired male Officer who was aged 60 in 2010 would have a life expectancy of 90 and a similar female would have a life expectancy of 92.
- A retired male Other Rank who was aged 60 in 2010 would have a life expectancy of 87 and a similar female would have a life expectancy of 90.

Why not just make the change for those who join the Armed Forces after 2015?

Government policy is that the new public service pension schemes apply to all personnel from 2015 unless they are covered by transitional protection. There is a need to constrain pension costs and restricting the changes only to those who join AFPS 15 will not deliver the required savings.

What is the legal framework for closing down existing Armed Forces Pension Schemes?

The 'Public Service Pensions Act 2013 mandates the replacement of existing schemes with new public service schemes, to be in place from 1 April 2015. Please refer to Section B for further information about accrued rights to benefits earned under existing schemes.

I have heard people talk about the 'Hutton Review', what was it?

In 2010, the Government invited Lord Hutton of Furness to conduct a review of public service pensions, including the Armed Forces' pension schemes. The Independent Public Service Pensions Commission's (IPSPC's) final report was published in March 2011. It set out the case for change and made 27 recommendations to the Government for the future management of public service pensions. The Government accepted Lord Hutton's recommendations as the basis for

¹ Statement by the Chief Secretary to the Treasury, Rt Hon Danny Alexander MP, on Public Service Pensions 20 Dec 2011 (*see link to the CST's Statement at the end*)

discussion. Lord Hutton made it clear that a distinction should be drawn between the Armed Forces (and the police and firefighters) from others in the public services due to the unique nature of their service. The Government accepted his recommendation in this respect.

D. What is my new pension going to consist of?

How will my new (CARE) pension be calculated?

AFPS 15 will be based on a Career Average Revalued Earnings ('CARE' or 'career average') model, compared with the current Regular/ Reserve Forces pension schemes which are final salary/final rank schemes. This means that in AFPS 15, an amount equal to a percentage of your earnings each year from April 2015 is placed in your pension. That amount – which will then increase in line with a national average earnings index to take account of inflation – will be the amount to go towards your pension. These individual amounts build up to create your final pension payable each year (your 'pension pot').

What will my new pension actually look like?

The Online Pensions Calculator will give you a forecast of what you may receive under your current pension scheme and also AFPS 15, including EDP benefits. You can access the calculator via the link at the end.

Further information is also available in:

- The Outline Scheme Design (OSD) document for AFPS 15 which MOD published on 31 July 2012, see link at the end. The document was designed to outline the design of the new scheme, not describe in detail how the changes affect those currently serving.
- The Final Scheme Agreement document which was published at the same time as the announcement in Parliament on 16 September 2012, see link at the end.

Accrued rights to existing pension benefits earned prior to the introduction of the new scheme are discussed in Section B.

What is an Early Departure Payment?

The AFPS 15 Early Departure Payment aims to retain Regular Service personnel through to at least age 40 and to compensate them for the fact that a full career is not available to the majority. It will consist of an annual income and a tax-free lump sum. All members of AFPS 15 who complete 20 years of service and reach age 40, and who do not serve through to the Normal Pension Age of 60, will be entitled to an EDP when they leave the Armed Forces.

How soon will I be affected by the new scheme?

Unless you are covered by transitional protection (see *Section A above*), you will be automatically enrolled into the new scheme on 1 April 2015. Your accrued rights to your existing scheme are, however, fully protected and therefore current serving personnel will not feel the **full** effects of the new scheme. The earliest the **full** effects will be felt is 2035 (i.e. those who join the Armed Forces after 2015 and leave at the new scheme's EDP point after 20 years service).

Will the career average earnings scheme reflect my service prior to 2015?

No. AFPS 15 won't start until 1 Apr 2015, so the first year's pensionable salary to be taken into account for your new pension will be for the tax year 2015-2016.

Will I be able to apply for commutation on my pension or EDP lump sum under AFPS 15?

You will only be able to inversely commute your full EDP lump sum to increase the income stream. This is replaced at State Pension Age by your deferred pension and there is no pension lump sum under this scheme. You can, however, commute part of your AFPS 15 pension to a lump sum (HMRC currently allow up to the maximum of 25% of the value of the pension to be commuted and for every £1 of pension given up the member receives £12 of lump sum). This decision must be made 6 months before the pension goes into payment and is made for life.

If the new EDP point is 20 years' service, will I have to serve 20 years beyond 2015 to qualify, or will my service under the current schemes count?

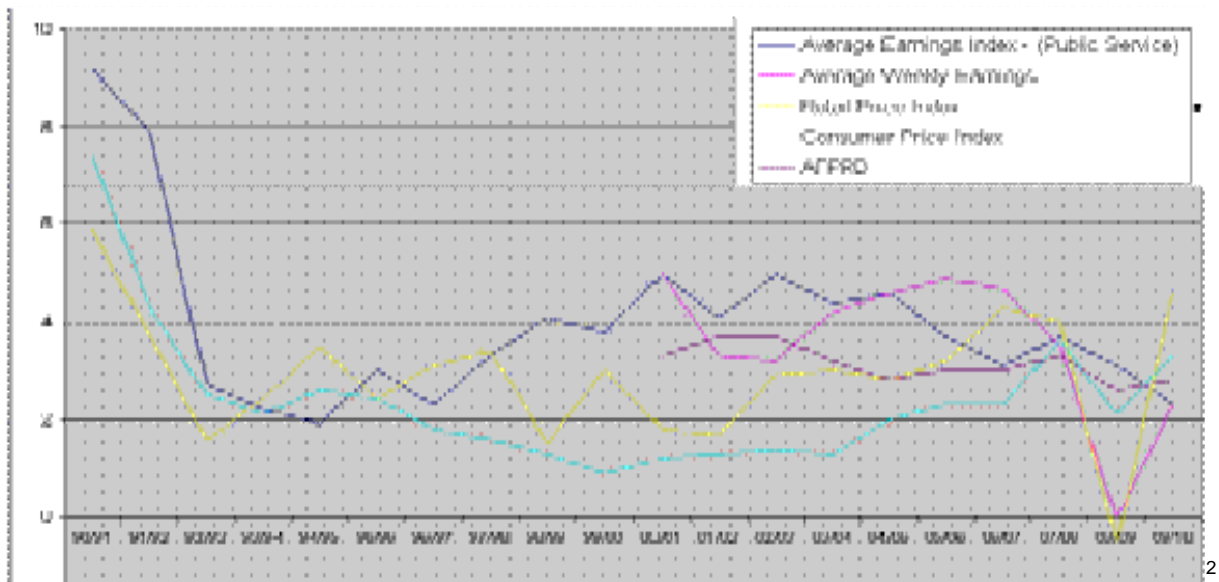
Under the new scheme, pensionable service will be counted from your first day of regular paid service, including any regular paid service prior to transfer to the new scheme. For example, if you joined the Armed Forces in 2000, you would have accrued 15 years of service at the point of transition to the new scheme and this means you will only have to serve another 5 years to qualify for an EDP under the new scheme. This is particularly good news for current members of AFPS 75 because, for the first time, your regular paid service prior to age 18 (Other Ranks) and age 21 (Officers) will count towards your EDP qualification under AFPS 15.

Will my pension still be worth having when compared to other Public Service pensions?

Although the current costs are becoming increasingly unsustainable, in the main due to increasing life expectancy, the Government has confirmed that public service pensions will remain among the best available. MOD is committed to ensuring the new Armed Forces Pension Scheme remains amongst the best of these schemes. AFPS 15 will remain non-contributory and a defined benefit scheme, which means it will keep a guaranteed level of pension – calculated as a fraction of your salary, not an uncertain amount based on investment returns. AFPS 15 will also continue to provide valuable additional benefits for you and your family such as ill-health pensions and payments after your death.

Will uprating my pension pot by Average Earnings ensure that my pension maintains its spending power? Would CPI not be a better measure?

Building a pension is a long term process. The UK economy is in an unprecedented period of change; no one can forecast which index will be greater in the medium to long term. But between 1990 and 2010, Average Earnings outpaced the CPI for 18 of those 20 years. Taking this into account, the Independent Public Service Pensions Commission, the Government Actuary's Department and MOD all consider that, in the long term, Average Earnings will provide the best level of pension indexation for Service personnel.



Look forwards, the Office for Budgetary Responsibility's forecast for Whole Economy Average Weekly Earnings pay growth from 2015 is 4.5%³.

Which exact measure of Average Earnings will be used?

The proposed method will be the Average Weekly Earnings (AWE) Whole Economy 1 month Sep-Sep measure. This is the same as is currently used for State Second Pension accruals revaluations. Details can be found on the website via the link at the end. It is the Government's intention to use this measure every year, but – technically - the use of this measure must be agreed each year by HM Treasury. It would be extremely unusual for this measure not to be used, but it cannot be 100% guaranteed.

My Service/ trade/ branch/ profession promotes more slowly than others, won't a career average earnings pension disadvantage me?

You will often find that some trades/branches promote more slowly at some ranks, but then catch up or even overtake later. The single Services recognise this as a Terms of Service issue. However, even in the future some trades/branches will require longer training or promotion patterns to support operational effectiveness.

Various documents state that I do not pay a contribution towards my pension – isn't my salary abated by the AFPRB to pay for my pension?

You do not make a contribution towards your pension benefits and this will continue in the new scheme. Every 5 years or so the independent Armed Forces Pay Review Body (AFPRB) compares the value of Armed Forces pensions with that of civilian occupational pension schemes; this relative comparison is taken into account during the AFPRB's assessment of broad pay comparability. Nothing is actually deducted from military pay (no 'abatement' or 'adjustment' is made), but the relative value is included as part of pay comparability considerations. So whilst the pension is used as one of the comparators between civilian and military, it is one of several factors in a complex calculation and there is **no direct reduction in the Service salary** because of this comparison. If you decide to opt out of AFPS 15, there will be no increase in your salary.

² Source Office of National Statistics

³ Office for Budgetary Responsibility "Economic and Fiscal Outlook" dated Nov 2011 (see link to the **OBR** at the end)

What has the AFPRB said about Armed Forces pension schemes?

The AFPRB conclusions from the latest independent valuation is that they believe that for the majority of the Armed Forces their pension benefits are, on average, more generous than comparable civilian pension benefits. Chapter 5 of the AFPRB report covers the pension valuation. This includes Tables 5.2 and 5.4 and the Conclusion at paragraphs 5-18 to 5-20.

Does the AFPRB deduct the value of the Armed Forces pension benefits from military pay when determining pay comparability?

No. The results of the valuation of pension benefits inform the overall consideration of pay comparability for the Armed Forces which, in turn, is just one aspect of the AFPRB's deliberations on the overall pay award. No contributions are taken from Service personnel to fund their pension benefits and the valuation does not change that.

The latest AFPRB report suggests that senior officers appear to benefit from significantly higher relative levels of pension. Is this fair?

The pension valuation highlights that, under the current schemes, those who serve longer and promote to the highest ranks, receive disproportionately larger pensions. This is a known feature of Final Salary schemes. The move to AFPS 15 on 1 Apr 15, which is a Career Average scheme, will remove that disproportionate effect.

I have purchased Additional Voluntary Contributions (AVCs). What will happen to these after the introduction of AFPS 15?

There are several kinds of AVCs within the current Armed Forces Pension Schemes:

- Added Years AVCs purchased before April 2015 will remain unchanged in accordance with the AFPS 75 and AFPS 05 rules. Service personnel will continue to pay their AVCs and the additional years' service will be added to the individual's 75 or 05 scheme benefits when they eventually leave the Armed Forces. Individuals who intend to purchase AVCs in their current pension schemes will need to have an AVC contract in place by 31 March 2015.
- All other types of AVCs purchased under the rules of the current pension schemes will stop in April 2015. Full details and examples have been published in **2012DIN01-249 (see link at the end)**.

Will I be able to purchase AVCs once I become a member of AFPS 15?

AVCs under AFPS 15 will be replaced by 'Added Pension'. Active members (including Reserves) will be able to pay personal contributions in order to purchase Added Pension. It is important to note that members of AFPS 15 will not be able to buy "years" they will only be able to add to the monetary value of their pension. They will be able to choose Added Pension that affects just their own benefits or both theirs and their dependants' and the Added Pension can be purchased by paying a lump sum or fixed monthly payments. The amount of Added Pension a member can purchase throughout their Public Service career will be subject to HM Treasury limits. The cap will be set at £6.5k from 2015 and will rise in line with the rate that Added Pension itself is increased (CPI). Further guidance on the process for purchasing Added Pension will be issued in due course.

Will I be able to transfer pension benefits accrued with a previous employer into AFPS 15?

Service personnel who join AFPS 15 will have 12 months from the date of joining the scheme to transfer pension benefits accrued in another pension scheme into AFPS 15. Any transfer application received after the 12 month point will not be accepted. If you wish to transfer non-Public Sector pension benefits earned from a previous employment, into your current pension scheme, you must do so **before 1 April 2015**. After this date, you will only be permitted to transfer these pension benefits into AFPS 15, providing you do so within 12 months of joining the scheme.

Government Legislation introduced on 1 April 2015 does not allow transfers from unfunded defined benefit public service pension schemes to defined contribution schemes, therefore, a transfer of benefits to some pension schemes may not be possible.

E. How are Reserve Forces affected?

I read that AFPS 15 will be 'One Scheme for All, including Reservists'. I'm a Part-Time Volunteer Reserve, does this mean I will get a pension under the new scheme?

Members of the Part Time Volunteer Reserves (PTVR) (e.g. the Royal Naval Reserve, the Royal Marine Reserve, the Army Reserve (formerly called the TA), the Royal Air Force Reserve and the Royal Auxiliary Air Force) will, from 1 Apr 2015, become members of AFPS 15. Under AFPS 15, attendance based paid service, (for example Man Training Days), will count as pensionable pay and will contribute to the individual's 'CARE' pension pot. The exceptions will be those elements of pay that are not pensionable for Regulars, such as Recruitment and Retention Payments (RRP). Training Bounty payments are also non-pensionable.

PTVR will be members of the same pension scheme as Regular SP, the only significant difference will be that service in the Reserves will not qualify for an Early Departure Payment. Furthermore, PTVR service (other than on mobilisation and membership of RFPS 05) prior to 1 Apr 15 will not count as qualifying service towards the AFPS 15 two year vesting period.

Some other categories of Reservists, such as UOTC cadets and Cadet Instructors, who are not training to deploy and do not have an expectation of mobilisation, will not become members of AFPS 15 (nor can they become members of the current Reserve Forces Pension Scheme). However, individuals in these categories can still become members of AFPS 15 if they are also serving as a PTVR. See link to Reserve DIN in Section F.

As a Reserve, do I have to be a member of AFPS 15 or can I opt out?

Members of the PTVR will be automatically enrolled into **AFPS 15**, but you can choose to opt out at any time. If you choose to opt out within 3 months of joining the scheme, you will be treated as never having joined. See link to Reserve DIN in Section F for further information.

Option 1: Join AFPS 15. You will be automatically enrolled in the scheme at the start of your engagement (or on 1 April 2015 if you were already a serving member). No contributions are necessary, you will accrue a pension based upon your earnings within the Armed Forces and you can continue to be a member of your civilian employer's occupational pension scheme.

Option 2: Opt out of AFPS 15. You can decide to opt out of **AFPS 15** at any time, but you can only choose to opt back in again once per year, or once per period of mobilisation. During any period of mobilisation, you may opt out and request that MOD makes employer contributions to your existing civilian pension scheme (providing you continue to make your own employee contributions). You may opt out of the scheme by completing AFPS Form 16 and submitting it through your Commanding Officer to DBS Veterans UK (see **Chapter 17, Further Information** for the DBS Veterans UK address). If you choose this option, you will be ineligible for the ill-health and death benefits provided by **AFPS 15**, but you may still be eligible for compensation from the **Armed Forces Compensation Scheme** should you suffer a medical condition which is attributable to your service.

You are responsible for your own tax and financial affairs and are advised to seek Independent Financial Advice prior to making any decision to opt out.

Making contributions to a private pension. You can be a member of **AFPS 15** and make your own contributions to a private pension scheme. This type of pension is a private arrangement between you and your chosen pension provider which is entirely separate to the MOD and Armed Forces pension schemes.

If you are considering opting out of AFPS 15, you are strongly advised to seek advice from an independent financial advisor before doing so.

My current Reserve Forces Pension Scheme (RFPS 05) has a vesting period of one day. Under AFPS 15 I will have a vesting period of two years. Why is this?

All SP (i.e. Reservists and Regulars) will need to have completed 2 calendar years of service to qualify for pension benefits under AFPS 15. Under RFPS 05, the vesting period is one day to enable individuals to build up a preserved pension but two calendar years is required in order to qualify for all other benefits including ill-health, full death in service and dependants' benefits. All SP (Regular and Reserve) are covered under the Armed Forces Compensation Scheme from day one. Existing members of RFPS 05 who transfer to AFPS 15 will be able to count any previous pensionable paid service (i.e. in RFPS 05) from 1 Apr 10, towards the 2 year vesting period.

I am a member of RFPS 05 / FTRS 97 / NRPS, what are my accrued rights?

Your accrued rights will be calculated on the same basis as the AFPS 05 groups (i.e. calculated on service up to 1 April 2015 linked to your Final Salary on exit), see **DIN 2012DIN01-175** (link at the end) for specific information about accrued rights to RFPS 05, FTRS 97 and NRPS.

Can I still inversely commute my RFPS 05 pension benefits?

Yes, see link to **DIN 2012DIN01-249** at the end.

Why do Reserve Service personnel qualify for an EDP?

The AFPS 15 EDP will be paid to Regular SP to provide a retention incentive to draw personnel through to at least age 40 (and 20 years' service) and to provide compensation to those to whom it is not possible to offer a full career. These reasons do not apply to Reserve service and, therefore, service in the Reserves will not qualify towards earning an EDP.

I understand that under AFPS 15 there is no abatement policy. Does this mean that if I leave as a Regular with an AFPS 75 Immediate Pension and subsequently join FTRS after April 2015, I can continue to receive my pension and earn a FTRS salary without it being subject to abatement?

It is correct that the policy of abatement will not apply to the pension benefits earned under AFPS 15. However, it is important to note that you will retain accrued rights to the rules of your current scheme, this is in order to protect the pension you have already earned to date. This means that for the pension benefits earned as a member of AFPS 75, abatement policy will be applied and therefore your FTRS salary plus your Immediate Pension must not exceed your total salary from your final job in the Armed Forces. If it does exceed this threshold, you will be paid your FTRS salary, but your AFPS 75 pension will be abated so that the total does not exceed your salary at the point that you left the Regular Armed Forces.

I am due to leave in 2016 with an AFPS 75 Immediate Pension. If I rejoin as a PTVR will my AFPS 75 pension be abated?

Under the rules of AFPS 75, your PTVR salary plus your Immediate Pension must not exceed your total salary from your final job in the Armed Forces. You will be paid your salary as a PTVR, but your AFPS 75 pension will be abated so that the total does not exceed your salary at the point that you left the Regular Armed Forces. It is important to note that this will apply to very few as it is unusual, given the amount of days worked per year, for the total remuneration package of a PTVR to exceed the previous Regular salary. However, some Additional Duties Commitment (ADC) members could be affected and should seek guidance from Veterans UK.

I am a member of AFPS 05 and am due to leave the Armed Forces in 2015 having qualified for an AFPS 05 EDP. If I rejoin on an FTRS contract and become a member of AFPS 15 what will happen to my AFPS 05 EDP?

If you rejoin on an FTRS Contract your AFPS 05 EDP income will be stopped in its entirety (i.e. abated by 100%). It will restart again once you finally leave the Armed Forces. You may also have to repay your EDP lump sum if there has been an insufficient break in service. For example, if your EDP lump sum was the equivalent of 9 months of pay, but you take up an FTRS contract within 6 months of you leaving Regular service, then you will have to repay a lump sum equal to the balance of 3 months pay.

I am a member of AFPS 05 and am due to leave the Armed Forces in 2015 having qualified for an AFPS 05 EDP. If I rejoin as a PTVR and become a member of AFPS 15 what will happen to my AFPS 05 EDP?

Nothing. The policy regarding abatement of the AFPS 05 EDP does not apply to PTVR service.

How will my pension be affected if I leave the Regular Armed Forces and immediately re-join as a Reserve?

If you leave the Armed Forces with an AFPS 15 pension in payment and are re-employed (as a Regular or Reserve) within 28 days of your last day of paid service, any payments already made to you will be recovered and you will be treated as though you had never left. If you rejoin the Armed Forces after 28 days, you will keep your AFPS 15 pension in payment although legacy pensions may still be subject to abatement.

F. Where can I find out more?

Can I ask questions?

If you think we have overlooked a **policy** issue, you can email the Future Armed Forces Pension Scheme (FAFPS) Team via the link to the **Group Mailbox** below. These FAQs will be regularly updated as further detailed issues are finalised and in response to queries and feedback. **The FAFPS Team are not financially accredited to give specific individual advice; should you feel this is what you need, you should contact an independent financial adviser.**

Where can I find out more about the new scheme?

Armed Forces Pension Scheme 2015 webpage (www)

<https://www.gov.uk/government/collections/armed-forces-pension-scheme-2015>

Armed Forces Pension Calculator (www)

www.mod-abc.co.uk

AFPS 15 Video

<http://defenceintranet.diif.r.mil.uk/News/BySubject/ServicePersonnelmatters/Pages/ArmedForcesPensionScheme2015newvideolaunched.aspx>

Veterans UK Info Centre - Pension forecast request form on DII

<http://www.ipublish.dii.r.mil.uk/nlapps/docs/default.asp?fid=1997>

Veterans UK - Pension forecast request form on Internet (www)

<http://www.veterans-uk.info/pensions/forecastrequests.html>

Final Scheme Agreement Document (www)

<https://www.gov.uk/government/publications/final-agreement-for-the-new-armed-forces-pension>

Outline Scheme Design Consultation Document (www)

<https://www.gov.uk/government/consultations/the-new-armed-forces-pension-scheme-final-consultation>

Initial Consultation Document (www)

<https://www.gov.uk/government/consultations/the-new-armed-forces-pension-scheme-initial-consultation>

DIN 2012DIN01-063 Pension rights accrued under AFPS 75 and AFPS 05

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINS%20Archive/2012/2012DIN01-063.pdf>

DIN 2012DIN01-175 Pension rights accrued by specialists in AFPS 75, MPGS, FTRS 97, RFPS, NRPS and Resettlement Commutation in AFPS 75 and Promotions in AFPS 75

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINS%20Archive/2012/2012DIN01-175.pdf>

DIN 2012DIN01-249 Pension rights accrued for various groups in AFPS 75, AFPS 05 and RFPS 05

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINSpersonnel/2012/2012DIN01-249.pdf>

DIN 2013DIN01-086 Pension rights accrued for various groups in AFPS 75, AFPS 05, FTRS 97, RFPS 05 and NRPS

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINSpersonnel/2013/2013DIN01-086.pdf>

DIN 2013DIN01-178 Pension rights accrued by members of the Royal Gibraltar Regiment Pension Scheme

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINSpersonnel/2013/2013DIN01-178.pdf>

DIN 2013DIN01-205 Pension rights accrued for officers in AFPS 75 who commissioned from the ranks

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINSpersonnel/2013/2013DIN01-205.pdf>

DIN 2014DIN01-007 Pension rights accrued by members of the Reserve Forces Pension Scheme 2005 (RFPS 05)

http://defenceintranet.diif.r.mil.uk/libraries/0/Docs1/20140726.7/20140117_2014DIN01-007_u.pdf

DIN 2014DIN01-064 Pension options available to Part time Volunteer Reserves on mobilisation

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINSpersonnel/2014/2014DIN01-064.pdf>

DIN 2014DIN01-143 Pension rights accrued for Medical Officers and Dental Officers (MODOs) in AFPS 05 with entitlement to the MODO Bonus Scheme

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINSpersonnel/2014/2014DIN01-143.pdf>

DIN 2014DIN01-178 III-health awards and Dependants' Benefit awards following the introduction of AFPS 15.

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DINSpersonnel/2014/2014DIN01-178.pdf>

DIN 2014DIN 01-203 Transferring Pension Benefits from previous non-Public Sector Employment

http://defenceintranet.diif.r.mil.uk/libraries/0/Docs1/20141014.1/20141022_2014DIN01-203.pdf

DIB 2012DIB/67 Resettlement Grants

<http://defenceintranet.diif.r.mil.uk/libraries/corporate/DIBS/DIBS2012/20121130%20DIB%20201267%20-%20Status%20of%20Resettlement%20Grants.pdf>

DIB 2013DIB/58 Revised Terms of Service on the introduction of AFPS 15

http://defenceintranet.diif.r.mil.uk/libraries/corporate/DIBS/DIBS2013/20131118_DIB_201358_%20Revised_Terms_of_Service_on_the_introduction_of_the_Armed_Forces_Pension_Scheme_2015.pdf

DIB 2014DIB/01 Update on the Progress of AFPS 15

http://defenceintranet.diif.r.mil.uk/libraries/corporate/DIBS/DIBS2014/20140116_DIB_201401_Update_on_the_progress_of_Armed_Forces_Pension_Scheme_2015.pdf

Future Armed Forces Pension Scheme Group Mailbox

dcdspers-pcv-fafpsmailbox@mod.uk

Chief Secretary to the Treasury's Statement (www)

<http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm111220/debtext/111220-0001.htm#11122052000003>

Office for Budgetary Responsibility (OBR) "Economic and Fiscal Outlook" Nov 2011

http://cdn.budgetresponsibility.independent.gov.uk/Autumn2011EFO_web_version138469072346.pdf

Office of National Statistics website (EARN02 dataset, KA58)

<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/june-2013/dataset-earnings.html>

Armed Forces Pay Review Body (AFPRB) Reports (www)

http://www.ome.uk.com/AFPRB_Reports.aspx