



Ministry
of Defence

Armed Forces Pension Scheme 1975

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 1975** (AFPS 75). In particular, it gives guidance to the range of benefits available to you as a member of AFPS 75, 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 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 75, you can find other sources of information in *Further Information* (see section 14).

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 currently 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).

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 on or after 6th April 2005, 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.

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 AFPS 75 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)

AFPS **15** (Regulars and Reservists)

I'm eligible for AFPS 75, how do I know if I'm in the Scheme?

You wouldn't have needed to do anything to join AFPS 75 if you joined the Regular Armed Forces before 6th April 2005. 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**.

Note: The minimum qualifying period of 2 years' Service applies if you were in AFPS 75 on or after 6th April 1988. If you left Service before 6th April 1988, then you need to have completed 5 years of **reckonable service** (the actual years and days that count towards your pension). If you left between April 1975 and 1978, then you need to have reached age 26 **and** completed 5 years of reckonable 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 if I served prior to 6th April 1975?

Prior to 6th April 1975, there were no rights to deferred pensions in any public or private pension schemes.

Most schemes had restricted qualifying criteria for the award of pensions. For the Armed Forces, pensions were awarded only if a member had completed at least 16 years' Service (as Officer) or 22 years' Service (as Other Rank). Lump sum payments were awarded to those who

did not serve long enough for a pension but had completed at least 9 years' Service (Officer) or 12 years' Service (Other Rank).

The *Social Security Act 1973* brought about changes by requiring all pension schemes to preserve pension rights for those who left Service after 6th April 1975 (having completed at least 5 years' qualifying service and having reached the age of 26). Later, the qualifying period was reduced from 5 to 2 years, and the age qualification requirement was removed. These changes were not made retrospective.

Any changes made to AFPS 75 are not retrospective and individuals receive the benefits in accordance with the scheme rules in place at the time of their retirement.

What type of member am I?



Active member

Still building up future benefits in AFPS 75



Deferred member

No longer building up further benefits in AFPS 75, but not yet in receipt of your pension



Pensioner member

Receiving your pension

3. What your Pension Scheme provides

How is your pension calculated?

For the vast majority, AFPS 75 is calculated on your final rank and length of reckonable service (the actual years and days that count towards your pension). Members of the Armed Forces with the same rank and same number of years of reckonable service are normally awarded the same pension, regardless of their actual pay either at retirement or discharge, or earlier in their career. This is known as the **representative rate of pay** for the rank.

Representative pay is worked out using specially selected rates of military salary and does not include extra amounts which those with special qualifications may earn. For those with special qualifications (e.g. medical officers, dental officers, nurses, professional aviators, and clearance divers), your pension is paid according to the standard rates of pension, with an additional supplement for those that qualify. The pension code and supplement rates can be found [here](#).

You may find it useful to understand how this works:

Calculation Station:

Your pension will start to build up from your first day of paid Service, up to a maximum of 34 years for Officers and 37 years for Other Ranks. Your pension starts to build up from:

- Officers – **age 21** (or date of joining if later)
- Other Ranks – **age 18** (or date of joining if later)

The pension you build up each year will be added together to form the basis of the pension you'll receive when you retire. A full pension can be worth 48.5% of representative pay.

In addition to your annual pension, you will also receive a one-off pension lump sum (tax-free) of 3 times your annual pension.

Calculation Station: Lump Sum

If your annual pension was calculated to be £5,400 a year, you would receive a lump sum of 3 times that amount on the date of your retirement. In this case, it would be £16,200.

What if I am a Senior Officer?

For Senior Officers at 2-star level and above (Rear Admiral/Major General/Air Vice Marshal), AFPS 75 is calculated on pensionable earnings, not representative pay.

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 75, 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 benefits?

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 55** or over and have completed 34 years' Service (as an Officer) or 37 years' Service (as Other Rank), you will be entitled to a **full career immediate pension** on your date of retirement.

If you leave the Service **before age 55** and have completed at least 16 years' Service (as an Officer) or 22 years' Service (as Other Rank), you will be entitled to an **immediate pension**.

If you leave the Service but you have not completed the required years to receive an immediate pension, you will become a deferred member and will be entitled to a **deferred pension** paid at *pension benefit age*. This is age 60 for Service up to and including 6th April 2006, and age 65 for Service after 6th April 2006.

If you are in Regular Service and leave the Service before age 60, you might also be eligible for an ill-health pension (see section 4) or Resettlement Grant (see section 5).

Check the relevant sections of this booklet for more information.

Immediate Pension

If you leave the Service **before age 55** and have completed at least 16 years' Service (as an Officer) or 22 years' Service (as Other Rank), you will be entitled to an immediate pension. An immediate pension is a proportion of the full career pension.

This pension will be a fixed sum until you reach the age of 55. At this point, it will be increased to take account of the total rise in the cost of living since your Service ended and after age 55 it will increase annually in line with the **Consumer Price Index** (CPI). This is known as re-valuation or **indexation**.

In addition to your annual pension, you will also receive a pension lump sum (tax-free) of 3 times your annual pension.

Deferred Pension

If you leave the Armed Forces but you have not completed the required years to receive an immediate pension, a deferred pension is kept for you until *pension benefit age*. This is age 60 for Service before 6th April 2006, and age 65 for Service after 6th April 2006

Calculation Station: Deferred Pension

You leave with a deferred pension of £8,000 and a lump sum of £24,000. In this example, $\frac{3}{4}$ of your Service was before 6th April 2006, and the remainder was after that date.

This means that at age 60, you would receive a pension of £6,000 and a lump sum of £18,000. At age 65, you would receive an additional pension of £2,000 and a lump sum of £6,000.

You will only be entitled to receive a deferred pension if you have completed at least **2 years** of qualifying service.

If your *pension benefit age* is age 65, you can ask for your deferred pension to be paid from age 60. However, the amount of pension will be reduced because it will be in payment for longer.

If, before reaching *pension benefit age*, you suffer from ill-health to the extent that you would be incapable of undertaking your current employment and this incapacity will continue at least until *pension benefit 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*.

What if I commission from the ranks?

If you commission from the ranks and serve for at least 5 years as an Officer, you will be eligible for an Officer's pension.

If you commission from the ranks but do not serve for at least 5 years as an Officer, but do serve for at least 2 years, you will receive a pension as an OR9 (Warrant Officer/Warrant Officer Class 1). A commissioned service addition is also paid if you serve for at least one year as an Officer.

Annual Pension Increases

Once your pension is in payment, it will increase annually in line with the **Consumer Price Index** (CPI). 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 moved to AFPS 15 on 1st April 2015?

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, such as AFPS 75, 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 whether your ill-health is **attributable** or **non-attributable**.

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

Calculation of ill-health benefits

Non-Attributable

If your ill-health is not considered attributable to Service, then you will receive an immediate pension and a tax-free lump sum.

Your pension is based on the length of your Service and, where that is 5 years or more, is normally at an enhanced rate. DBS Veterans UK determine eligibility and the amount of ill-health pension. Your lump sum is worth 3 times the immediate pension.

Attributable

If your ill-health is mainly due to or worsened by Service in the Armed Forces, then you will receive an enhanced tax-free immediate ill-health pension, a tax-free lump sum, and a compensation award.

Your pension is based on the length of your Service and your rank on leaving. Your lump sum is worth 3 times the immediate ill-health pension.

Your compensation award depends on when your injury or illness was caused by Service:

- For conditions arising before 6th April 2005, attributable ill-health benefits may be payable under the Armed Forces Attributable Benefits (AFAB) Scheme and the War Pensions Scheme (WPS).
- For conditions arising on or after 6th April 2005, attributable benefits are paid under the Armed Forces Compensation Scheme (AFCS). For more information about these schemes, you can refer to Appendix II.

What happens if I receive an award from the War Pension Scheme (WPS)?

If you are subsequently awarded an award under the War Pension Scheme, your ill-health award will be reviewed. The review will not result in any reduction to the overall value of the award and may in some cases result in increased payments.

Note: Although the War Pension Scheme may accept that a condition is attributable to Service, this does not automatically guarantee that the same condition will be considered attributable to Service under the Armed Forces Attributable Benefits Scheme.

5. 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 if:

- Officers – you have served for at least 9 years from age 21 (at least 2 years as an Officer) and are not also entitled to an AFPS 75 immediate pension, or any other Resettlement Grant.
- Other Ranks – you have served for at least 12 years from age 18 and are not also entitled to an AFPS 75 immediate pension, or any other Resettlement Grant.

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

Note: If you moved from AFPS 75 to AFPS 15 on 1st April 2015, you must have served for at least 12 years to be entitled to a Resettlement Grant.

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 without a break of at least 121 days, or as a member of the FTRS without a break of at least 31 days, you will have to repay some or all of your Grant. If you repay the Grant having re-joined as a member of the FTRS, 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.

6. Dependant's Benefits

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

For attributable deaths from 31st October 2000, and non-attributable deaths from 1st April 2015, a **dependant's pension is payable for life**.

If a surviving spouse's/civil partner's pension had previously been suspended due to their remarriage, new civil partnership, or cohabitation before 1st April 2015, it will remain suspended. If the relationship ends or ended on/after 1st April 2015, the spouse/civil partner can apply for the pension to be restored.

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 are an **active member** of AFPS 75, all dependant benefits are based on your total Service.

If, at the time of your death, you are a **deferred** or **pensioner member** of AFPS 75, dependant benefits are not necessarily based on your total Service. Benefits are as follows:

- If you leave a **widow**, and your marriage took place while you were serving in the Armed Forces, they will be eligible to receive a pension based on your total Service. However, if your marriage took place after you left the Regular Armed Forces, their pension will be based on Service from 6th April 1978 or, if later, the date you joined.
- If you leave a **widower** or a **civil partner**, they are entitled to a pension provided that you were in Service on or after 1st October 1987. If this is the case, and your marriage/civil partnership took place while serving, they will be eligible to receive a pension based on your total Service. However, if your marriage/civil partnership took place after you left the Regular Armed Forces, their pension will be based on Service from 6th April 1978 or, if later, the date you joined.

If, at the time of your death, you have no surviving spouse or civil partner, an **eligible partner** may also be eligible to receive a pension, if your death is attributable to Service. This pension is the same as that paid to a spouse/civil partner. For an eligible partner's pension to be awarded you must have been:

- In Service on or after 15th September 2003;
- In a substantial and exclusive relationship with financial dependence or inter-dependence;
- Legally free to be married or form a civil partnership.

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.

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

What benefits are my dependants entitled to?

The type of benefits that dependants can receive depend on when you die, how long you have been in Service for, the status of your relationship with dependants, and whether your death is either non-attributable to Service or attributable to Service.

Death in Service

If you die in Service, your spouse or civil partner will receive a short-term pension (paid in the immediate aftermath of your death), a long-term pension (once the short-term pension is paid), and a tax-free lump sum.

The short-term pension is equal to your basic pay and is paid for 91 days for a spouse or civil partner with no children, or 182 days for a spouse or civil partner with eligible children.

Depending on which is worth more, your long-term pension is either:

- Equal to one half of the pension that would have been received had you had been discharged for ill-health; or
- Equal to one half of the value of an immediate pension (had you been entitled).

A lump sum is also paid that is equal to 3 times representative pay.

Note: If you moved from AFPS 75 to AFPS 15 on 1st April 2015, a short-term pension is not available if you die in Service. However, the lump sum you receive is increased to equal 4 times your final pensionable earnings.

Death in Deferment

If you leave the Armed Forces with a deferred pension and die before this comes into payment, your spouse or civil partner will receive a long-term pension and a lump sum.

The long-term pension is equal to one half of your pension for Service given on or after 31st March 1973, and/or one third of your pension based on Service given for the period up to 31st March 1973. The lump sum is 3 times your annual pension that would have been paid if the pension had come into payment on the day of your death.

Death in Retirement

If you die after your pension has come into payment, your spouse or civil partner will receive a short-term pension (paid in the immediate aftermath of your death), a long-term pension (once the short-term pension is paid) and, if you die within one year of your last day of pensionable service, a lump sum.

The short-term pension is based on your pension at time of death and is paid for 91 days for a spouse or civil partner with no children, or 182 days for a spouse or civil partner with eligible children. The long-term pension is equal to one half of your pension based on Service given on or after 31st March 1973, and/or one third of your pension based on Service given up to 31st

March 1973. The lump sum is equal to 3 times representative pay (minus any lump sum that you had previously received).

Attributable Benefits

If your death is attributable to Service, other benefits may also be available. Your benefits differ depending on whether the death was caused by Service **before** or **after 6th April 2005**.

If death is caused by Service **before** 6th April 2005, attributable benefits may be paid under two schemes:

- the **War Pension Scheme** (WPS); and
- the **Armed Forces Attributable Benefits** (AFAB) Scheme.

If death is caused by Service **from** 6th April 2005, attributable benefits may be paid under the **Armed Forces Compensation Scheme** (AFCS).

Eligible Children

An eligible child is defined as either:

- A child, who is under 17, on your date of death; or
- A child, who is in full-time secondary education (up to age 19); or
- A person, who is under the age of 23 and in full-time further or higher education or unpaid full-time vocational training; or
- A son or daughter of any age, who is 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.

A child must also have a qualifying relationship to you. This differs depending on what type of member you are:

Active Member

- Is your son or daughter.
- Is the son or daughter of your spouse or civil partner.
- Is your grandchild or the grandchild of your spouse or civil partner who is dependent on you at the time of death.

Deferred and Pensioner Member

- Is your son or daughter, born while you were serving or within 9 months of leaving the Forces.
- Is your son or daughter, born more than 9 months after you leave the Forces, as long as your marriage occurred during Service.
- Is the son or daughter of your spouse or civil partner (as long as the marriage/civil partnership occurred during Service or within 9 months of leaving).
- Is your adopted child or the adopted child of your spouse or civil partner. The application for adoption must have started before you leave the Forces.

What benefits are they entitled to?

Eligible children are entitled to a long-term pension. They may also be entitled to a short-term pension if you were an active or pensioner member and the child is not living in the same household as a dependant who is entitled to receive dependant benefits.

The short-term pension is equal to your basic pay if you were an active member and is equal to your pension if you were a pensioner member. It is paid for 182 days. If there is more than one eligible child, the short-term pension is divided equally between the children.

All eligible children are entitled to the long-term pension. It is up to one quarter of your pension for one child, or half your pension divided equally between your eligible children, with no child receiving more than a quarter of your pension.

There may be a case in which a child has no living parents, or a child has a living parent and it is proven they are unable or unwilling to take responsibility for the child. In this instance, the survivors' pension may be divided equally, with no child receiving more than one third of the pension.

Note: If you moved from AFPS 75 to AFPS 15 on 1st April 2015, a short-term pension is not available for eligible children.

What happens if I don't have any dependants?

If you are single, and die with no dependants or eligible children, the death lump sum benefit will be paid to your estate as part of the assets you leave.

Nomination

You cannot nominate the person(s) you would like to receive any lump sum benefits due when you die. Only a legal spouse, civil partner, or eligible children can receive a lump sum and/or a pension. An eligible partner may also receive benefits if the death is deemed to be attributable to Service.

7. 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.

8. Increasing your Benefits

AFPS 75 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 options for increasing your benefits in AFPS 75 include the payment of **Additional Voluntary Contributions**, the purchase of **Added Years**, and **Resettlement Commutation**.

Additional Voluntary Contributions

You can increase your benefits by making the following Additional Voluntary Contributions:

- Death in Service lump sum – increase from 3 times representative pay to 4 times representative pay at the full career point, or 4 times pensionable pay at the date of death.
- Surviving spouse/civil partner's pension – provides your spouse/civil partner with a pension worth 4/9^{ths} of representative pay.
- Rate of pay upon which the pension is calculated – the actual rate of pensionable pay is used if it is more than the representative rate.

The limit on payments towards the purchase of Additional Voluntary Contributions is 15% of pensionable earnings.

In order to purchase these Additional Voluntary Contributions, you need to apply to DBS Veterans UK. **Once your application has been processed, the decision is final and cannot be reversed.** An application form ([Form 4](#)) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*. If you moved from AFPS 75 to AFPS 15 on 1st April 2015, the option to make Additional Voluntary Contributions in AFPS 75 is no longer available to you.

Added Years

As a member of AFPS 75, you can purchase **Added Years**. These are essentially extra years of Service which count in the calculation of your final pension and lump sum. This is done in order to increase either your retirement benefits and/or your dependants' benefits.

The limit on payments towards the purchase of Added Years is 15% of pensionable earnings.

To purchase Added Years, you will need to form a contract between you and DBS Veterans UK. Added Years can be bought as whole or part years, and what can be bought is dependent on:

- The age at which your reckonable service started, and
- The number of years you have left until retirement.

In order to purchase Added Years, you need to apply to DBS Veterans UK. **Once your application has been processed, the decision is final and cannot be reversed.** An application form ([Form 5](#)) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*.

If you moved from AFPS 75 to AFPS 15 on 1st April 2015, the option to purchase Added Years in AFPS 75 is no longer available to you.

Resettlement Commutation

Commutation means you can give up part of your pension in return for a lump sum. The option for **resettlement commutation** is available to members of AFPS 75, although this may only happen in specific circumstances.

If you leave the Armed Forces before reaching the age of 55, and you have completed at least 16 years' Service (as an Officer) or 22 years' Service (as Other Rank), you may apply for resettlement commutation.

To re-pay the amount taken as a lump sum, your monthly pension will be reduced until age 55. At age 55, your pension will be restored to its original value. There can be no restoration of your pension to its original value before this time.

The decision to take advantage of resettlement commutation must be made before you leave the Armed Forces and before your pension has come into payment.

An application form ([Form 1](#)) can be found on www.gov.uk under *Veterans UK Armed Forces Pensions Forms*. Once the completed application form has been processed by DBS Veterans UK, the decision is final and cannot be reversed.

Note: Although resettlement commutation can be tax efficient, you should be aware that you will end up re-paying more than the amount you took as a lump sum.

Trivial Commutation

If you are over the age of 55 but below 75, you may be able to take all of your pension as a lump sum. This is possible if:

- One of your pension pots is worth £10,000 or less;
- Your total pension pots under all the schemes that you belong to are worth £30,000 or less.

If you decide to do this, all further pension rights for yourself and your dependants are extinguished.

Note: If you left Service before 1st April 2017, trivial commutation is only available if you have reached State Pension Age and are below 75.

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 like to take independent financial advice about purchasing additional benefits before making a decision.

9. Transferring your Benefits

Transferring benefits into AFPS 75

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 75. This must be made whilst you are still an active member of AFPS 75 and on/before your 54th birthday. If you moved from AFPS 75 to AFPS 15 on 1st April 2015, the option to transfer into AFPS 75 is no longer available to you.

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 75 pension.

Transferring benefits out of AFPS 75

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 the deferred pension benefits you have earned from AFPS 75 into your new scheme.

The Government has prevented transfers from AFPS 75 to some other schemes in the UK or abroad. This means you can only transfer your AFPS 75 pension to a scheme that does not allow members to take cash from their pension (known as a pension drawdown).

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.

10. 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.

11. 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 75.

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 (Form [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.

12. Opting Out

You can opt out of AFPS 75 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 75. 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*.

If you opt to leave AFPS 75, but later decide that you want to re-join the Scheme, you can do so by writing to DBS Veterans UK. You cannot re-join AFPS 75 if there is more than a one-month gap in Service. However, you will be able to join AFPS 05 or AFPS 15.

13. Dispute and Complaints Resolution

If you are not satisfied with how the rules of AFPS 75 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

14. Further Information

If you have any queries about the basic principles of AFPS 75, 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 75 and related benefits as well as information about more recent 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 into AFPS 75.	This must be made whilst you are still an active member of AFPS 75 and on/before your 54 th birthday.
Resettlement Commutation.	You must apply before you leave the Service and before your pension has come into payment.
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.

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 Years	As a member of AFPS 75, you can purchase Added Years. These are essentially extra years of Service which count in the calculation of your final pension and lump sum. This is done in order to increase either your retirement benefits and/or your dependants' benefits.
Additional Voluntary Contributions (AVCs)	These are tax efficient payments that you can make in order to enhance your pension or death 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.
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.
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.
Eligible Child	Refer to part 6 – 'Dependant's Benefits' – for the definition of an eligible child.
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.
Lifetime Allowance	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 75 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).
Non-Attributable	Non-attributable means that your death is not related to Service e.g. off duty road traffic accident, illness, natural causes etc.
The Reserve Forces Non-Regular Permanent Staff Pension Scheme (NPRS)	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.
Opting Out	This occurs when an individual chooses not to become a member of AFPS 75, or chooses to leave the Scheme, if already a member.
Pension Benefit Age	This is the age at which your deferred pension benefits are paid. The PBA for AFPS 75 is 60 for Service before 6 th April 2006, and age 65 for Service after 6 th April 2006.
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 75. It is the calendar days that you are in receipt of pensionable earnings or assumed earnings in AFPS 75. 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 75. 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.
Representative Pay	AFPS 75 pension for members below one star level (Commodore, Brigadier, Air Commodore) are based on a representative rate of pay for each rank. This “all of one company” principle means that all those of the same rank with the same length of service retiring in the same year receive the same rate of pension, regardless of their actual earnings.
Resettlement Grant	A lump sum payable to Regular Service personnel. For Officers, you must have served for at least 9 years from age 21 and are not also entitled to an AFPS 75 immediate pension, or any other Resettlement Grant. For Other Ranks, you must have served for at least 12 years from age 18 and are not also entitled to an AFPS 75 immediate pension, or any other Resettlement Grant.
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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