

CHAPTER 40

PRESERVED BENEFITS: OFFICERS AND AIRMEN RESETTLEMENT GRANTS

The pension guidance enclosed in the 5th Edition (1999) of Queen's Regulations (RAF) which relate to Armed Forces Pension Scheme 1975 (AFPS 75) remain extant for RAF Service personnel who left the Service prior to 6 April 10. RAF Service personnel still serving after 6 April 10 should refer to the appropriate RAF document found in the Tri-Service Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme Prerogative Instruments 2010. This document may be found in the Intranet Publications library

<http://defenceintranet.diif r mil.uk/Personnel/Military/Remuneration/Pages/PensionsfortheArmedForces.aspx>

3061. Award of Preserved Benefits.

Sponsor: SPP(Pens)

(1) Except where he has committed a grave offence against the State or a serious offence against military discipline an officer or airman who leaves the Service without qualifying for immediate retired pay or pension, invaliding or attributable retired pay or pension, may, provided a minimum period of 2 years' contracted out service has been given, and chapters 38 or 39 apply to him in accordance with Section 11 or Section 8 of those chapters respectively, be awarded preserved benefits **iaw the rates shown at para D.12 of the Air Force (AFPS 1975 and Atributable Benefits Scheme) (Amendment) Order 2010..** Where less than 2 years' contracted out service has been given to which Chapters 38 or 39 applied, a payment will be made to the National Insurance Fund in order to preserve retirement benefits under the State scheme for that period of service.

(2) Preserved benefits will normally be payable at pension benefit age but may be paid earlier if the pensioner becomes permanently incapacitated through physical or mental infirmity from engaging in any regular full time employment. Early payment of entitlement shall commence from the date that a successful claim was submitted, unless the Secretary of State decides otherwise. Preserved pension benefits accrued by reference to service before 6 April 2006 shall be put into payment when the officer or airman reaches the age of 60. Preserved pension benefits accrued by reference to service on or after 6 April 2006 shall be put into payment when the officer or airman reaches the age of 65 but they may elect to receive this element of their pension on an actuarially reduced basis when they reach the age of 60.

(3) Should the serviceman die in retirement before his preserved pension or terminal grant becomes payable, the provisions of **para 3093(2)** will apply. If neither an eligible surviving spouse, surviving civil partner nor eligible children are left, a payment equal to the preserved terminal grant will be made to the estate of the deceased.

(4) The general conditions in Chapters 38 and 39 relating to rank for retired pay and pension purposes also apply to the award of preserved pensions.

(5) A preserved pension will not be commutable in any circumstances.

(6) Any award made or adjusted under these provisions shall not exceed the rates provided in AP 3392, Leaflets 2002, 2003, 2004 and 2005 appropriate to pensioner's former rank and length of service.

(7) The above provisions do not apply to those serving on gratuity earning terms, nor to periods of service during which membership of the Armed Forces Pension Scheme have been given up in favour of a personal pension plan.

(8) The award of a preserved pension made to a medical or dental officer on or after 1 April 1997 shall be augmented by the addition of a pension supplement.

3062. Transfer of Preserved Pension Rights.

Sponsor: SPP(Pens)

(1) ***Outgoing Transfers.***

(a) Personnel who gave service on or after 31 March 1975 and who left the RAF without entitlement to immediate retired pay or pension may apply for a transfer value to be paid to their new employer's pension scheme or to certain other approved schemes, subject to such general regulations as are agreed by the Cabinet Office for the conduct of the public sector transfer network. The transfer is conditional upon the new pension scheme being approved for this purpose by the Inland Revenue, and on the new scheme being prepared to accept the transfer value.

(b) Members who left service before 31st January 1979 could only apply for a transfer up to 30 September 1981. For members who left service on or after 31st January 1979 and before 1st January 1986 with an entitlement to preserved benefits, a transfer value will not be paid if the application for a transfer is made more than 6 months after the member joined his new scheme, or after 12 months of joining the new scheme if that scheme is a member of the public sector transfer network and the initial application for a transfer is made after 5th April 1988.

(c) These provisions also apply to those who continue in service but who opt to leave the Armed Forces Pension Scheme and transfer their residual benefits relating to their service on or after 6 April 1988 into a personal pension plan.

(d) Personnel leaving service before 6 April 1988 who completed at least one year's contracted-out service but are not eligible for preserved benefits may be considered for a transfer of notional pension rights. These can be transferred only to a salary related occupational pension scheme. There is no minimum qualifying period for such a transfer for those leaving on or after 6 April 1988. However their notional pension rights can be transferred only to a salary-related occupational pension scheme, a statutory scheme, a contracted-out money purchase scheme or an appropriate personal pension.

(e) For personnel who left service before 1 January 1986, applications for transfers of their accrued or notional rights can normally only be accepted if;

- (i) there was not a break of more than 12 months between the two employments; and
- (ii) application for a transfer was made within 6 months of joining the new pension scheme, or within 12 months of joining the new scheme if that scheme is a member of public sector transfer network and the initial application for a transfer is made after 5 April 1988.

(f) For personnel who leave the RAF on or after 1 January 1986 with an entitlement to preserved benefits, applications for transfer of such accrued rights can be accepted at any time between the date of leaving and one year before the age at which preserved benefits become available (or 6 months after leaving the Service if later).

(g) For personnel who leave the RAF on or after 1 January 1986 without entitlement to preserved benefits, applications for transfer of their notional pension rights can normally only be accepted if;

- (i) there was not a break of more than 12 months between the two employments; and
- (ii) application for a transfer is made within 6 months of joining the new pension scheme if service terminated before 6 April 1988, or within 12 months of joining the new scheme if service terminated on or after that date; and
- (iii) the conditions in sub-paragraph (c) are met.

(h) Transfer values representing the cash equivalent of preserved benefits will be calculated and adjusted for market conditions using:

- (i) tables and instructions prepared for this purpose by the Government Actuary;
- (ii) the officer's or airman's age at the date of receipt of his application for a transfer value;

(iii) the value of the officer's or airman's preserved benefits at the date of receipt of his application for a transfer value, uprated where appropriate by pension increases.

(i) Guaranteed minimum pensions in the Scheme relating to service before 6 April 1997 are revalued by reference to Orders issued under Section 21 of the Social Security Pensions Act 1975 or Section 148 of the Social Security Administration Act 1992 (revaluation of earnings factors). Where an officer or airman opts on or after 1 January 1986 to have his transfer value applied to the purchase of an approved insurance policy or annuity contract, any Guaranteed Minimum Pension benefits so transferred may be subsequently revalued by reference to the fixed rate.

(j) Any outstanding contributions for surviving spouses half-rate pensions in respect of service before 1 April 1973 will be deducted from the preserved terminal grant before calculation of the transfer value, at the time of transfer.

(2) ***Incoming Transfers.***

(a) Personnel who join the RAF on pensionable commissions or engagements or Full Time Reserve Service commitments at least 2 years duration and bring with them a transfer value from a previous pension scheme, will be credited with reckonable service calculated by using special tables and instructions prepared by the Government Actuary which take account of the early ages at which members of the Armed Forces Pension Scheme can receive immediate retired pay or pension. These tables and instructions are to be applied to the transfer value to give equal periods of reckonable service for personal pension, terminal grant and (for all men and women regardless of their marital or civil partnership status) half-rate surviving spouses' or surviving civil partners' pension. The length of reckonable service may, however, be restricted in those circumstances where the limits for approved occupational pension schemes imposed from time to time by the Inland Revenue would otherwise be exceeded.

(b) A transfer will not normally be allowed if the application for it is made more than 12 months after joining the Armed Forces Pension Scheme.

(c) Where service credited is less than service actually served in the exporting scheme, the previous service will count as to its actual length for the purpose of the 2-year qualifying period for pension benefits. However, neither actual service in previous employment nor service credited from a transfer value will count towards the minimum period of service necessary for the award of immediate retired pay or pension or resettlement grant.

(d) Where the transferee has given previous service in the Armed Forces which has been credited to another pension scheme by means of a transfer value and the pension rights in respect of that service have been transferred back into the Armed Forces Pension Scheme, that service will count in accordance with the normal rules towards the minimum qualifying period for payment of retired pay or pension. If, however, the pension rights in respect of the previous service have not been transferred back into the Armed Forces Pension Scheme, that service will not count as qualifying or reckonable *service*. Where the previous service has been transferred back into the Armed Forces Pension Scheme, the service credited from the incoming transfer value will reckon towards retired pay or pension. Where the minimum qualifying period is met but the total reckonable service including the service credited from the transfer value is less than 16 years for an officer and 22 years for an airman, the retired pay or pension will be awarded pro rata on the 16 or 22 year rate.

(e) An officer or airman who has a transfer value paid in accordance with paragraph 3062(1) may not transfer back into these arrangements on or after 6th April 2005. However, this does not apply to a person who has opted to join the Armed Forces Pension Scheme 2005 (established under section 1(1) of the Armed Forces (Pensions and Compensation) Act 2004), is selected for redundancy before 1st April 2008 and is permitted under the provisions of that Scheme to transfer back into these arrangements.

(3) Further details on the transfer of pension rights are available in **MMP 129 – Transferring Benefits**

3063. Resettlement Grants.

Sponsor:SPP(Pens)

(1) Officers and airmen leaving the Service with preserved benefits under para **3061** may be awarded a

tax-free immediate resettlement grant, subject to satisfactory service and at the discretion of the Defence Council, provided that:

- (a) Officers have completed at least 9 years' reckonable service after the age of 21, including at least 2 years' commissioned service.
 - (b) Airmen have completed at least 12 years' reckonable service after the age of 18.
- (2) Officers and airmen who have completed the appropriate period of satisfactory service specified at subpara (1) but where, as the result of an election to opt out of the pension arrangements in Chapters 38 or 39, that service is not, in whole or in part, reckonable service, may also be awarded a resettlement grant, provided that they are not entitled to a resettlement grant under the Early Departure Payments Scheme (established under s.1(1) of the Armed Forces (Pensions and Compensation) Scheme 2004) and no other award is payable immediately on termination of service.
- (3) The resettlement grant is at a flat rate as set out [at the following link: Resettlement Grant Rates](#).
- (4) The resettlement grant is outside the scope of the Armed Forces Pension Scheme.
- (5) If an officer or airman re-enters the Armed Forces within 121 days of retirement or discharge, any resettlement grant awarded on release will be subject to refund in accordance with the following formula:

$(1 - \frac{a}{121}) \times \text{Resettlement Grant}$

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where "a" is the break in service.