

The Armed Forces pension schemes

Pensions Policy Instruction

PPI 2/09

June 2009

What this is about:	Pension entitlement for personnel seconded to the United Nations (UN)
Which pension schemes are affected:	AFPS 75, AFPS 75-FTRS, AFPS 05 and RFPS
Who should read this:	APC HQ-MCM Div, DPIO, Mil Advisor UKMIS, SPVA Pension Administrators, EDS Pensions Administrators
When it takes effect:	With immediate effect
Review date:	
Contact points:	78914MB

Purpose

The purpose of this instruction is to clarify pension arrangements for personnel who are seconded to the United Nations (UN). There is no change to the current regulations but for those responsible for issuing posting orders, this instruction seeks to outline the correct policy in terms of pension entitlement for those who are contracted to the UN on secondment terms ie those individuals who receive pay and allowances from the UN and are required to contribute to the UN pension scheme.

All posting orders issued to personnel seconded to the UN must contain full details on pension provision as outlined below.

Background

Personnel who serve on secondment terms with the UN are required to be members of, and pay contributions to, the UN pension scheme for the duration of their appointment. In view of the fact that personnel do not usually serve sufficient years to qualify for a pension under the UN scheme (a requirement of 5 years) they receive a return of their pension contributions in the form of a tax-free lump sum at the end of their period of service.

Individuals have the option to either retain the lump sum or use it to purchase additional years in the Armed Forces Pension Scheme (AFPS 75 or 05) up to the period of their absence. Those who choose to retain the lump sum will not have the 'lost years' made up in the AFPS. Personnel who choose to purchase additional years in the AFPS should note that this is conditional upon them repaying **all** of the tax-free lump sum and, where the amount is insufficient to purchase the required period of service, that a top up payment may be made from the funds of the project under which the individual was sponsored to cover any shortfall.

Relevant Regulations

This policy, which was agreed by the MOD and HM Treasury in 2001, was to allow for any period of lost service in AFPS 75 to be covered, provided the individual pays back their full refund of pension contributions. Statutory Instrument 2005 No. 438 and the Reserve Forces Pension Scheme Regulations 2005 also stipulate this requirement. For AFPS 75 members the regulations on the purchase of added years on return from secondment are contained in the Army Pensions Warrant 1977, Part 10, paragraph 351.18A, Naval and Marine Pay and Pensions Order in Council, Schedule IX, Section VI, paragraph 48 and the Queens Regulations for the Royal Air Force, Chapter 45, Section 6, paragraph 3230

Individuals should be informed of the sponsoring unit's decision with regard to the top up payment, prior to any acceptance of appointment with the UN.

HMRC Regulations

Service with another organisation cannot count towards pension in the Armed Forces Pension Schemes unless it is paid for. HM Revenue and Customs (HMRC) regulations and public service pension policy only allow personnel to remain with the UK organisation's pension scheme if the host organisation agrees to pay contributions direct to that scheme to cover the cost. However, UN regulations do not allow those serving on secondment terms to remain with their home nation pension scheme and the terms and conditions of service require all personnel to join the UN scheme for the duration of their secondment. This is not unique to the UN. Similar regulations exist for those seconded to NETMA/NATO and other collaborative projects.

National Insurance Contributions

Personnel also need to be made aware that automatic deductions of National Insurance (NI) contributions from pay will cease for the period of their secondment. Individuals should contact the HM Revenue & Customs National Insurance Contributions Office both before their tour and on their return to the UK

to establish whether they have sufficient contributions for full entitlement to state old age pension benefits or whether they will need to purchase additional years to cover the missing NI contributions. Further details can be obtained from www.dwp.gov.uk or www.hmrc.gov.uk.