



**Ministry
of Defence**

**JSP 905
Armed Forces Pension Scheme 2015 and Early
Departure Payments Scheme 2015**

Part 1: Directive

Foreword

People lie at the heart of operational capability. Attracting and retaining the right number of capable, motivated individuals to deliver Defence outputs is critical. This is dependent upon many factors, including maintaining a credible and realistic offer that earns and retains the trust of people in Defence. All Service Personnel must be confident that, not only will they be treated fairly, but also that their families will be properly considered, and that support extends to Service veterans and their dependants.

The Armed Forces pension forms an important part of remuneration within the Armed Forces. AFPS 15 ensures that all members of the Armed Forces are provided with a pension that recognises the unique, valuable, and demanding nature of Service life.

Lieutenant General James Swift
Chief of Defence People
People Functional Owner

Preface

How to use this JSP

1. JSP 905 is intended as a reference document for the delivery and administration of Armed Forces pensions, Early Departure Payments (EDP) and Resettlement Grants. It is designed to be used by staff responsible for the delivery of pensions and as a reference document for Service Personnel. This JSP contains the policy and direction on Armed Forces pensions and EDP and gives guidance on the processes involved and best practice to apply. This JSP is not definitive and anything contained within is subordinate to pensions and EDP Legislation; in the event of any dispute, pensions and EDP Legislation has primacy. This JSP will be reviewed at least annually.
2. The JSP is structured in two parts:
 - a. **Part 1 - Directive**, which provides the direction that is to be followed in accordance with statute or policy mandated by the Ministry of Defence or by Central Government in regard to the Armed Forces Pension Scheme 2015 (AFPS 15) and the Armed Forces Early Departure Payment Scheme 2015 (EDP 15).
 - b. **Part 2 - Guidance**, which provides the guidance and best practice that will assist the user to comply with the Directive(s) detailed in Part 1, with particular reference to accrued rights from legacy pension schemes, including AFPS 05, AFPS 75, RFPS 05, FTRS 97 and NRPS.
3. Wherever possible the paragraph numbers shown within the JSP mirror the article numbers within the actual pensions' legislation to assist the reader in finding the source information. While every attempt has been made to achieve this, due to the additional explanations that have been added within the JSP, certain sub-paragraph numbers do not mirror those in the legislation.

Coherence with other Policy and Guidance

4. Where applicable, this document contains links to other relevant JSPs, some of which may be published by different Functions or Defence Authorities. Where particular dependencies exist, these other Functions or Defence Authorities have been consulted in the formulation of the policy and guidance detailed in this publication.

Related JSPs	Title
JSP 764	The Armed Forces Pension Scheme 2005 (including Early Departure Payments Scheme, Reserve Forces Pension Scheme and Armed Forces Redundancy Schemes).

McCloud Update

5. In 2015, the Government implemented reforms to all of the main public service pension schemes, including the Armed Forces Pension Scheme. These reforms included 'transitional protection', which meant that those members closest to retirement stayed in their old schemes. The Court of Appeal later found that this policy directly discriminated against some younger pension scheme members.

6. The Government's proposals to remove the discrimination will apply to all pension scheme members who were in service on or before 31 March 2012 and on or after 1 April 2015, including those with a qualifying break in service of less than 5 years. This is irrespective of whether they are currently an active, deferred or pensioner member.

7. The public service pensions consultation is the next stage in the process to remove the discrimination identified by the courts in the 2015 pension reforms. The Government will provide members with the option to choose between their former scheme and AFPS 15 for service between 1 April 2015 and 31 March 2022.

8. The Government is committed to removing the discrimination for all those affected. It cannot simply return everyone to their old scheme, since many people are better off in AFPS 15. Therefore, the Government is giving members the choice. The changes proposed in the consultation to remove the discrimination will apply across all of the main public service pension schemes and provide members with a choice of which scheme benefits they would like to receive for the remedy period.

9. The remedy period is the time period for which members will be able to choose retrospectively which scheme benefits they will receive. The remedy period will run from 1 April 2015 until 31 March 2022. From 1 April 2022, the public consultation proposes that all those who continue in service will do so as members of AFPS 15, irrespective of any protection to remain in their legacy scheme. The outcome from the public consultation is expected to be announced by the Government in late 2020.

10. The Government and the Ministry of Defence have issued communications on the consultation, the options, and the impacts on pension schemes. It is recommended that Service Personnel and families read these communications which can be accessed through MODNET or directly on the GOV.UK website.

Further Advice and Feedback – Contacts

11. The owner of this JSP is Chief of Defence Personnel, Head of Remuneration. For further information on any aspect of this guide, or to ask questions not answered within the subsequent sections, or to provide feedback on the content, contact:

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Section 1: AFPS 15

1 Preliminary

Background

1.1 In March 2011 Lord Hutton's Independent Public Service Pension Commission recommended that all public service pension schemes should be reformed, including the Armed Forces pension schemes. The Armed Forces Pension Scheme 2015 (AFPS 15) arose from this and was introduced on 1 April 2015.

1.2 Those serving personnel who were within ten years of their previous scheme's Normal Pension Age on 1 April 2012 were granted Transitional Protection and were not eligible to transfer to AFPS 15, instead remaining in their existing pension scheme.

1.3 Those serving personnel who were not eligible for Transitional Protection and who transitioned direct from their legacy pension scheme into AFPS 15, or who re-joined on or after 1 April 2015 were granted protection of all pension benefits that had been earned under their legacy scheme.

1.4 Personnel who had left the Armed Forces prior to 1 April 2015, with either a pension in payment or a pension in deferment, retain their full pension rights from their legacy scheme.

Establishment of Scheme

2.1 The Armed Forces Pension Scheme 2015 (AFPS 15) came into force on 1 April 15. The scheme is for the payment of pensions and benefits in respect of a person's service in the Armed Forces. AFPS 15 was introduced under powers held by the Secretary of State under the Public Service Pensions Act and the Armed Forces Pension Regulations 2014.

Interpretation

3.1 The terminology used throughout this JSP is described in more detail in the 'definitions' Annex.

2 Governance

Scheme Manager

4.1 The Secretary of State for Defence is the scheme manager for AFPS 15. The scheme manager is responsible for managing AFPS 15 and any connected scheme (connected schemes are the legacy Armed Forces pension schemes such as AFPS 05, AFPS 75, RFPS 05, FTRS 97).

4.2 The scheme manager may delegate any management functions

Establishment of Pensions Board

5.1 A Pensions Board is established, with oversight of all Armed Forces pension schemes. The establishment of a Pensions Board was one of the key recommendations of the Hutton report.

5.2 The Pensions Board is responsible for assisting the scheme manager in securing compliance with:

- a. the scheme rules, and the scheme rules of any connected Armed Forces pension scheme;
- b. legislation relating to the governance and administration of the scheme;
- c. requirements imposed by the Pensions Regulator in relation to the scheme or any connected scheme.

5.3 The Pensions Board may determine its own proceedings, subject to the approval of the scheme manager.

Membership of Pensions Board

6.1 The Pensions Board will consist of at least 6 and no more than 20 voting members. This should include:

- a. a chair (appointed by the scheme manager);
- b. a departmental finance director; and
- c. equal numbers of members representing the employer and scheme members.

6.2 The chair may appoint up to 4 persons who are not entitled to vote in the Pensions Board proceedings.

6.3 The appointment of any person to the Pensions Board is subject to there being no conflict of interest.

Terms of Appointment to Pensions Board

7.1 A member of the Pensions Board is to hold and vacate office in accordance with their terms of appointment as determined by the scheme manager.

Conflict of Interest: Pensions Board

8.1 The scheme manager must be satisfied that any person appointed to the Pensions Board does not have a conflict of interest.

8.2 The scheme manager must also check periodically that no member of the Pensions Board has a conflict of interest.

8.3 If the scheme manager discovers that a Pensions Board member has a conflict of interest, the scheme manager must terminate the appointment of that member.

8.4 Members of the Pensions Board or persons proposed to be appointed as members of the Pensions Board must provide the scheme manager with any information that the scheme manager reasonably requires for the purposes of determining whether a conflict of interest exists.

Establishment of Scheme Advisory Board

9.1 A Scheme Advisory Board is to be established which has responsibility for advising the scheme manager, at the scheme managers request, the desirability of any changes to the scheme.

9.2 The Scheme Advisory Board may determine its own proceedings, subject to the approval of the scheme manager.

Membership of Scheme Advisory Board

10.1 The Scheme Advisory Board will consist of:

- a. a Chair appointed by the scheme manager;
- b. at least six and no more than twenty persons appointed by the Chair subject to the approval of the scheme manager; and
- c. the Chair of the Pensions Board.

10.2 The scheme manager must also check periodically to provide reassurance that no member of the Scheme Advisory Board has a conflict of interest.

10.3 Members of the Scheme Advisory Board may be the same as members of the Pension Board.

Terms of Appointment to Scheme Advisory Board

11.1 A member of the Scheme Advisory Board must hold and vacate office in accordance with the terms of appointment as determined by the scheme manager.

Conflict of Interest: Scheme Advisory Board

12.1 The scheme manager must be satisfied that any person to be appointed as a member of the Scheme Advisory Board does not have a conflict of interest.

12.2 The scheme manager must be satisfied that none of the members of the Scheme Advisory Board has a conflict of interest.

12.3 If the scheme manager determines that a member of the Scheme Advisory Board has a conflict of interest, the scheme manager must terminate the appointment of the member.

12.4 A member of the Scheme Advisory Board, or a person proposed to be appointed as a member, must provide the scheme manager with any information that the scheme manager reasonably requires in order to determine whether a conflict of interest exists.

3 Scheme Membership

Description of persons in scheme employment

13.1 A person in scheme employment is in service as part of:

- a. Regular forces;
- b. Reserve forces; or
- c. Non-Regular permanent staff.

Dual capacity membership

14.1 A person is deemed to be a dual capacity member if they are a member in more than one of the following capacities:

- a. an active member (someone who is still serving);
- b. a deferred member (someone who has accrued a pension during previous service within AFPS 15, but who is not yet in receipt of that pension);
- c. a pensioner member (someone who is in receipt of a pension from AFPS 15);
and
- d. a pension credit member (someone, such as an ex-spouse after divorce proceedings, who has been allocated a portion of another person's AFPS 15 pension).

14.2 When a person is a dual capacity member, their benefits from each membership are treated separately and they will receive 2 or more different pensions.

Payment of benefits to dual capacity members

15.1 The general rule is that where a member is a dual capacity member, each membership is treated separately such that they may receive benefits from each different period of service within AFPS 15.

The exception to the general rule is when death benefit lump sums are payable. See paragraphs (79-82).

15.2 If the member is a pension credit member with 2 or more different pension credits, each pension credit is treated entirely separately.

Eligibility for active membership

16.1 A person is eligible to become an active member of AFPS 15 if they are a member of the Regular, Reserve or Non-Regular Permanent Staff on or after 1 April 15, and their terms of employment do not exclude them from the scheme.

16.2 A person is not eligible to become an active member of AFPS 15 in relation to any employment if:

- a. they are a member of a connected Armed Forces pension scheme and have Transitional Protection in relation to their membership of that scheme; or
- b. they are a member of another pension scheme and the MOD pays employer contributions into that scheme.

16.3 An eligible person will become an active member of AFPS 15 on their first day of service on or after 1 April 15, unless they have exercised an option not to join the scheme.

Deferred membership

17.1 A person becomes a deferred member if they cease to be in pensionable service before reaching the AFPS 15 Normal Pension Age (age 60) and have not yet become a pensioner member.

17.2 To be eligible to become a deferred member upon leaving service, the person must have vested (see definitions).

Option not to join the scheme

18.1 A person may, within 3 months of their first day of membership of AFPS 15, opt not to belong to AFPS 15. This option is to be exercised in writing to their Commanding Officer and has effect from the person's first day. The person is then treated as never having joined.

Option to leave the scheme

19.1 An active member of AFPS 15 may opt to stop being a member. This option is to be exercised by writing (using [AFPS Form 16](#)) to their Commanding Officer, and is treated as having been exercised on the date it is received by the Commanding Officer.

19.2 The member then ceases to be an active member at the beginning of the first pay period on or after the date on which the letter is received. If the scheme manager deems this pay period to be inappropriate, the scheme manager will decide the most appropriate other pay period. The scheme administrator must write to the member to confirm that any request to Opt out has been actioned.

Option to join the scheme

20.1 A serving person who is eligible to be a member of the scheme but who has chosen not to be a member, may opt to join the scheme, subject to the following:

- a. the option may only be exercised once per 12 months (for Reservists, the option may also be exercised once per period of mobilisation);
- b. the option must be exercised by writing to the Commanding Officer (using [AFPS Form 16](#)). Commanding Officers should forward any request to DBS at the earliest opportunity;

- c. the option is treated as having been exercised on the date the request is received by the Commanding Officer;
- d. the person becomes an active member on the date the request is received by the Commanding Officer, or at any other date that the scheme manager considers appropriate;
- e. the scheme administrator must write to the member to confirm that any request to opt in has been actioned.

Pensionable service

21.1 A member is in pensionable service within AFPS 15 if:

- a. they are in scheme employment; and
- b. they are receiving pensionable earnings or assumed pay.

21.2 A member is treated as being in a continuous period of pensionable service if:

- a. there is no gap in pensionable service; or
- b. any gap in pensionable service does not exceed five years.

21.3 Where any gap in service is more than five years, service is not continuous and the pension from former service is kept as a deferred pension and is paid when the member reaches their State Pension Age. A new and separate pension account is established for the new period of service.

21.4 Where any gap in service is five years or less, pensionable service is deemed to be continuous. The pension account from the former period of service is 'reactivated' and is revalued using Average Weekly Earnings for the period of the gap.

Qualifying service

22.1 A member must achieve 2 calendar years of qualifying service to vest in AFPS 15 and become eligible for a pension. A period of qualifying service is the aggregate of:

- a. any period on or after 1 April 15 where the individual is an active member;
- b. if a transfer value payment or cash transfer sum has been accepted from another occupational pension scheme, a period equal to the person's period as an active member of that scheme;
- c. any continuous service within any legacy scheme that occurred on or before 31 March 15:

- (1) a member has continuous service if no gap in service between leaving a legacy scheme on or before 31 March 15 and joining AFPS 15 is greater than five years;

- (2) where a member has a gap in service of more than five years, and they have been a member of another public service pension scheme during their gap in service, providing no single gap between membership of the different public service pension schemes is greater than five years, continuous service is maintained for the purposes of the final salary link.

Final Salary Link for legacy pensions

Under legacy Armed Forces pension schemes, the amount of pension earned was determined by length of service and final salary (or rank). Where continuous service is maintained between legacy schemes and AFPS 15, the legacy pension is still calculated according to the length of service in that legacy scheme, but it uses the final salary (or rank) achieved at the end of military service, including service within AFPS 15.

22.2 The following are not qualifying service:

- a. any service during which the member's rights under AFPS 15 or legacy scheme are extinguished;
- b. any period where the individual has opted out of AFPS 15;
- c. any period of unauthorised absence;
- d. any period of unpaid leave (where the person is not treated as receiving assumed pay – see paragraph (24));
- e. any period of service detention; and
- f. any period of imprisonment.

22.3 Where a person has a gap in service of more than five years (excluding service in another public service pension scheme), a new and separate pension account is established. Qualifying service for the new pension starts from the first day of new service.

Pensionable earnings

23.1 For the purposes of calculating a member's pension or other benefits, the member's pensionable earnings are:

- a. basic pay;
- b. any other amount that the Scheme manager has determined to be pensionable earnings.

23.2 Pensionable earnings do not include:

- a. allowances;

- b. Recruitment and Retention Pay, or any other payments in respect of particular qualifications or duties where service is performed temporarily;
- c. any additional amounts payable to medical or dental officers.

23.3 Pensionable earnings do not include any description of payment unless it is specifically provided to the member, by the Scheme manager, on the basis that it is pensionable.

23.4 The 'service reduction percentage' in respect of a period of flexible service is given by the formula:

$$(A - B) / A$$

Where:

A is the basic pay which the member would have received in respect of that period of flexible service, had the member not been serving on flexible terms; and

B is the basic pay received by the member in respect of that period of flexible service.

A period of flexible service ends and another begins when any change in the service reduction percentage occurs.

Meaning of 'assumed pay'

24.1 In some circumstances an active member is treated as receiving 'assumed pay' (that is equal to the pensionable earnings that they would have received had those circumstances not applied). These circumstances are if the member:

- a. is on secondment (see paragraph (97)) to a different employer under an arrangement whereby the member's pay is provided by that employer. The member is to be treated as if they had remained as an active member of AFPS 15;
- b. is on ordinary adoption leave, ordinary maternity leave, ordinary paternity leave or on paid additional paternity leave;
- c. is receiving statutory maternity pay;
- d. is on unpaid leave for a period agreed by the scheme manager.

4 Pension Accounts

Calculation of amount of accrued pension

25.1 The amount of pension that a member has accrued is the sum of the following amounts specified in the active member's account at the end of their last day of pensionable service:

- a. the opening balance of their pension account at the start of their last active scheme year, plus the index adjustment (see definitions);
- b. the amount of pension earned during their last active scheme year;
- c. the opening balance of any transferred pension at the start of the last active scheme year, plus the index adjustment;
- d. the amount of transferred pension for their last active scheme year.

25.2 The amount of accrued Added Pension (member and dependants) is the sum of the following amounts specified in the member's account at the end of their last day of pensionable service:

- a. the opening balance of the accrued Added Pension account at the start of the last active scheme year, plus the index adjustment;
- b. the amount of accrued Added Pension that the member has contributed during their last active scheme year.

25.3 The amount of accrued club transfer pension is the sum of the following amounts specified in the active member's account at the end of their last day of pensionable service:

- a. for each sending scheme, the sum of the opening balance of the club transfer pension at the start of the last active scheme year, plus the index adjustment (the index adjustment from the sending scheme's rules);
- b. for each sending scheme, the amount of club transfer pension for the last active scheme year.

Calculation of 'retirement index adjustment'

26.1 The 'retirement index adjustment' is the index adjustment that is applied to accrued pension for the final year of service, ensuring the correct amount of indexation is applied for the part of year spent in service (using Average Weekly Earnings). The correct amount of indexation is applied for the remainder of the year after leaving service (using CPI).

For calculating the retirement index adjustment for those months where the member was an active member:

Step 1

The number of complete months in the period between the start of the leaving year and the last day of pensionable service is divided by 12, and then multiplied by the 'percentage increase'. This gives the 'retirement index percentage'.

Notes:

- (1) the 'percentage increase' may be an increase or decrease. AWE may be used to apply indexation for time in service (but this can be changed as per the Treasury order for any given year). For a transfer sum, the percentage increase is the increase or decrease that applies to the sending scheme, under that scheme's rules, as published by the Treasury.
- (2) a complete month is deemed to include any month that consists of at least 16 days.
- (3) the leaving year is the scheme year in which the last day of pensionable service falls.

Step 2

The retirement index percentage is then multiplied by the accrued pension to give the 'retirement index adjustment' for the proportion of the year spent in service.

For calculating the adjustment for those months of the year after the member had left service:

Step 3

At the end of the scheme year, the adjusted pension from Step 2 is further adjusted by the Pension Increase Review Order (as published by HM Treasury) to reflect CPI.

Establishment of pension accounts: general

27.1 The scheme manager must establish and maintain one or more pension accounts for each member of the scheme.

27.2 A pension account can be held in whatever form the scheme manager deems appropriate.

27.3 A pension account must reflect such matters as required by the regulations.

27.4 Any amount specified in a pension account is to be derived from these Regulations. If a pension account specifies a different amount (i.e. in error), the benefits actually payable will be those as derived from the Regulations.

Closure and adjustment of pension accounts on transfer out

28.1 Pension accounts must be closed if a transfer payment is made or a cash transfer sum is paid out from that account. For dual capacity members, this only applies to the account from which the transfer is made.

28.2 If amounts remain in the account after a transfer payment is made or a cash transfer sum is paid out, the account does not need to be closed. Instead the account may be adjusted to reflect that the member's rights have been extinguished.

Establishment of an active member's account

29.1 A pension account must be established for each active member from the persons first day of service.

Receipt of transfer values

30.1 If, for an active member, a non-club transfer value payment is received from another pension (but not from a connected scheme), their active member's account must be credited the amount of transferred pension as calculated under paragraph (109).

Receipt of club transfer values

31.1 If, for an active member, a club transfer value payment is received from another club scheme, their active member's account must be credited with an amount of club transfer earned pension as calculated under paragraph (111).

Account to specify amount of pension for a scheme year

32.1 For every scheme year in which an active member's account is open, the active member's account must specify, in relation to each different type of pension, the amount of pension for the scheme year.

32.2 The amount of club transfer earned pension for a scheme year must be specified separately in relation to each sending scheme.

32.3 The amount of earned pension for a scheme year is $1/47^{\text{th}}$ of the member's pensionable earnings for that year.

32.4 The amount of transferred pension for a scheme year is the amount which the member is entitled to count under paragraph (109) (amount of transferred pension).

32.5 The amount of club transfer earned pension for a scheme year is the amount which a member is entitled to count under paragraph (111) (amount of club transfer earned pension).

32.6 The Added Pension (member and dependants) for a scheme year is the sum of the member's lump sum and periodical contributions.

Account to specify opening balance and index adjustment

33.1 For every scheme year in which an active member's account is open, the active members account must specify, in relation to each different type of pension, the opening balance for the scheme year and the index adjustment for that opening balance.

33.2 Opening balance means:

- a. for the scheme year following the scheme year in which the active member's account is established, the amount of pension for the previous scheme year as at the end of that scheme year;
- b. for any subsequent scheme year, the opening balance is the opening balance for the previous scheme year, plus the index adjustment for that opening balance, plus the amount of pension for that scheme year as at the end of that year.

Establishment of a deferred member's account

34.1 When an active member ceases to be in pensionable service and becomes a deferred member in relation to that service:

- a. the active member's account for that service must be closed; and
- b. a deferred member's account must be established.

Account to specify provisional amount of deferred pension

35.1 The deferred member's account must specify, for each different type of pension, the provisional amount of the relevant deferred pension.

35.2 The provisional amount of deferred earned pension is the sum of the amount of accrued earned pension and the retirement index adjustment for that amount.

35.3 The provisional amount of the deferred club transfer earned pension is the sum of accrued club transfer earned pension and the retirement index adjustment for that amount.

35.4 The provisional amount of deferred Added Pension (member) or (member and dependants) is the sum of accrued Added Pension and the retirement index adjustment for that amount.

35.5 The retirement index adjustment is not to be applied to an amount of accrued pension if a transfer value payment is made or a cash transfer sum is paid out in respect of that accrued pension before the end of the last active scheme year.

Adjustment of provisional amount of deferred pension on retirement

36.1 When a deferred member chooses to claim their pension early (actuarially reduced), their deferred member's account must specify for the provisional amount of each different type of earned pension:

- a. the early payment reduction (if any);
- b. the late payment supplement (if any);
- c. the commutation amount (if any); and
- d. the allocation amount (if any).

Rejoiner: treatment of deferred member's account on return to pensionable service

37.1 When a deferred member re-enters pensionable service five years or less after having previously left service:

- a. their deferred members account must be closed and treated as if it had never been established;
- b. the active member's account must be re-established; and
- c. entries must be made in the active member's account as if, during the period in which the deferred member's account was open, the member was in pensionable service but received no pensionable earnings.

37.2 When a deferred member re-enters pensionable service more than five years after the date on which a period of earlier service ceased:

- a. the deferred members account must remain open;
- b. an active member's account must be established from the first day for the new period of pensionable service; and
- c. the member must vest again before they will be eligible to receive benefits for the new period of pensionable service.

Establishment of a pensioner member's account

38.1 When an active member becomes entitled to the immediate payment of a pension:

- a. their active member's account must be closed; and
- b. a pensioner member's account must be established.

38.2 When a deferred member becomes entitled to the immediate payment of a pension upon reaching the Deferred Pension Age:

- a. their deferred member's account must be closed; and
- b. a pensioner member's account must be established.

38.3 When a deferred member becomes entitled to the immediate payment of a pension (either by choosing to claim it early with an actuarial reduction, or by becoming entitled to an ill-health pension while in deferment):

- a. their deferred member's account must be closed; and
- b. a pensioner member's account must be established.

Determination of 'in-service late payment supplement'

39.1 Where a member continues serving beyond Normal Pension Age, and thus does not claim their pension immediately, an 'in-service late payment supplement' is added to all pension that is accrued after reaching Normal Pension Age.

39.2 The scheme manager will determine the rate of 'in-service late payment supplement' having taken guidance from the scheme actuary.

39.3 'In-service late payment supplement' means an additional amount of pension, determined by reference to the period in service after an active member has reached normal pension age.

Account to specify amount of retirement pension

40.1 The pensioner member's account must specify an amount for each different type of pension.

40.2 The earned pension is the sum of the amount of accrued earned pension and the retirement index adjustment for that amount.

40.3 The club transfer earned pension is the sum of the amount of accrued club transfer pension and the retirement index adjustment for that amount.

40.4 The Added Pension (member) is the sum of the amount of accrued Added Pension (member) and the retirement index adjustment for that amount.

40.5 The Added Pension (member and dependants) is the sum of the amount of accrued Added Pension (member and dependants) and the retirement index adjustment for that amount.

40.6 The pensioner member's account must specify for each amount of pension any:

- a. early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;
- b. in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60);
- c. late payment supplement that the member has earned by claiming their pension after the earliest due date;
- d. commutation amount; and
- e. allocation amount.

40.7 When a pensioner member re-enters pensionable service (after a gap of more than 28 days):

- a. the pensioner member's account must remain open;

- b. a new active member's account must be established for the new period of service; and
- c. the member will be treated as an entirely new joiner and must vest again in respect of their new period of service.

40.8 When a pensioner member re-enters pensionable service (after a gap of 28 days or less):

- a. the member must repay any pension and lump sum already received;
- b. the pensioner member's account must be closed;
- c. a deferred member's account must be established for the pension from previous service; this pension will next become payable when the member reaches SPA; and
- d. a new active member's account will be established for the new period of service; the member will be treated as an entirely new joiner and must vest again.

Establishment of a pension credit member's account

41.1 A pension account must be established for each pension credit member.

41.2 When a pension credit member becomes entitled to the payment of a pension under paragraph (47) (pension credit member's pension), the pension credit member's account must specify the amount of credited pension, and for that amount:

- a. any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age; and
- b. the commutation amount (if any).

Separate accounts for dual capacity pension credit member

42.1 If a pension credit member is also an active member, a deferred member or a pensioner member in their own right, the pension credit member's account is in addition to their pensions account(s).

42.2 If a pension credit member has rights which are derived from more than one pension debit member of this scheme, a separate account is to be established for each separate pension credit.

5 Retirement Benefits

Retirement on or after reaching Normal Pension Age – active members

43.1 Upon retirement, a member is entitled to the immediate payment for life of a pension under this scheme if the member:

- a. has vested;
- b. has ceased to be in pensionable service under this scheme at or after reaching Normal Pension Age;
- c. has claimed their pension; and
- d. has not previously made a claim for early payment of their pension.

43.2 A member, who is entitled to a pension under this paragraph, is also entitled to immediate payment for life of:

- a. Added Pension, if the retirement account specifies any Added Pension; and
- b. a club transfer earned pension, if the retirement account specifies club transfer earned pension.

43.3 The claim for payment of a pension under this paragraph must be made either via JPA, or where JPA is not available, by submitting notice in writing to the scheme administrator using [AFPS Pen Form 1](#).

43.4 If the member delays making a claim (regardless of reason) under this paragraph until after reaching the Normal Pension Age, the in-service late payment supplement or the late payment supplement (as applicable) will be applied.

43.5 A member who fails to claim their pension from the due date will be ineligible to make any backdated claim; the late payment supplement is applied instead. The pension becomes payable from the date it is claimed onwards.

Retirement before reaching Normal Pension Age – deferred members

44.1 A member who has left service before reaching the Normal Pension Age is entitled to the payment of a deferred pension, payable at SPA, if the member:

- a. has vested;
- b. has ceased to be in pensionable service under this scheme; and
- c. has claimed payment of pension.

44.2 When the deferred pension comes into payment, the member will also receive payment of:

- a. Added Pension, if the deferred member's account specifies a provisional amount of deferred Added Pension; and
- b. a club transfer pension, if the retirement account specifies a provisional amount of deferred club transfer pension.

44.3 To claim a deferred pension, the member must write to the scheme administrator using [AFPS Pen Form 8](#). It is recommended that members write to the administrator at least 3 months before the pension first becomes payable.

44.4 If the member claims early payment of their pension before reaching the Deferred Pension Age, an early payment reduction will be applied (the pension is actuarially reduced). Early payment can be requested from age 55 onwards. If the early payment option is taken, Added Pension and transferred pension will also be paid early at actuarially reduced rates.

44.5 If the member delays making a claim (regardless of reason) under this paragraph until after reaching the Deferred Pension Age, a late payment supplement will be applied (the pension is actuarially enhanced).

44.6 A member who fails to claim their pension from the due date will be ineligible to make any backdated claim; the late payment supplement is applied instead. The pension becomes payable from the date it is claimed onwards.

Annual rate of pension payable to active member who becomes pensioner member

45.1 Where an active member serves until (or beyond) Normal Pension Age and then retires, they become entitled to the immediate payment of a pension.

45.2 The annual rate of the pension payable to the retired member is determined by:

- a. taking the amount of earned pension specified in the retirement account;
- b. adding any in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60);
- c. adding any late payment supplement that the member has earned by claiming their pension after the earliest due date;
- d. subtracting the commutation amount (if any); and
- e. subtracting the allocation amount (if any) specified in that account in relation to that amount.

45.3 If an Added Pension (member and dependants) is payable to the member, the annual rate of that pension is determined by:

- a. taking the amount of Added Pension (member and dependants) specified in the retirement account;

- b. any late payment supplement that the member has earned by claiming their pension after the earliest due date;
- c. subtracting the commutation amount (if any) specified in that account in relation to that amount; and
- d. subtracting the allocation amount (if any) specified in that account in relation to that amount.

45.4 If Added Pension (member) is payable to the member, the annual rate of that pension is determined by:

- a. taking the amount of Added Pension (member) specified in the retirement account;
- b. adding any late payment supplement that the member has earned by claiming their pension after the earliest due date; and,
- c. subtracting the commutation amount (if any) specified in that account in relation to that amount.

45.5 If a club transfer earned pension is payable to the member, the annual rate of the pension is determined by:

- a. taking the amount of club transfer earned pension specified in the retirement account; and
- b. applying the provisions of paragraph (45.2 b-e) to that amount.

Annual rate of pension payable to deferred member who becomes pensioner member

46.1 This paragraph applies when a deferred member becomes entitled to the immediate payment of a pension upon reaching the Deferred Pension Age.

46.2 The annual rate of the earned pension payable to the member is determined by:

- a. taking the provisional amount of the member's deferred earned pension specified in the deferred member's account;
- b. adding any late payment supplement that the member has earned by claiming their pension after the earliest due date;
- c. subtracting any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;
- d. subtracting the commutation amount (if any) specified in that account in relation to that amount; and
- e. subtracting the allocation amount (if any) specified in that account in relation to that amount.

46.3 If an Added Pension (member and dependants) is payable to the member, the annual rate of this pension is determined by:

- a. taking the provisional amount of the member's deferred Added Pension (member and dependants) specified in the deferred member's account;
- b. adding late payment supplement that the member has earned by claiming their pension after the earliest due date;
- c. subtracting any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;
- d. subtracting the commutation amount (if any) specified in that account in relation to that amount; and
- e. subtracting the allocation amount (if any) specified in that account in relation to that amount.

46.4 If an Added Pension (member) is payable to the member, the annual rate of that pension is determined by:

- a. taking the provisional amount of the member's deferred Added Pension (member) specified in the deferred member's account;
- b. adding any late payment supplement that the member has earned by claiming their pension after the earliest due date;
- c. subtracting any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age; and
- d. subtracting the commutation amount (if any) specified in that account in relation to that amount.

46.5 If a club transfer pension is payable to the member, the annual rate of that pension is determined by:

- a. taking the provisional amount of the member's deferred club transfer earned pension specified in the deferred member's account; and
- b. applying the provisions of paragraph (46.2 b-e) to that amount.

Pension credit member's pension

47.1 A pension credit member is entitled to the immediate payment for life of a pension credit member's pension under this scheme:

- a. when a pension credit member reaches their Deferred Pension Age, or if it is later, when the pension sharing order under which the member is entitled to the pension credit takes effect; and
- b. the pension credit member has claimed payment of the pension.

47.2 The claim for payment of a pension must be made in writing to the scheme administrator using [AFPS Pen Form 8A](#).

47.3 A pension credit member who has reached 55 may claim early payment of their pension credit member's pension by writing to the scheme administrator using [AFPS Pen Form 8A](#).

47.4 Any claim must specify the date on which the pension is to become payable.

47.5 A pension credit member who claims early payment of their pension credit member's pension is entitled to the immediate payment for life of that pension on that payable date. The early payment reduction is to be applied if the pension comes into payment before the pension credit member's Deferred Pension Age.

47.6 The late payment supplement is to apply to the pension account of a pension credit member if the pension comes into payment after the pension credit member's Deferred Pension Age.

Annual rate of pension credit member's pension

48.1 The annual rate of the pension credit member's pension is determined by:

- a. taking the amount of credited pension specified in the pension credit member's account;
- b. adding any late payment supplement that the member has earned by claiming their pension after the earliest due date;
- c. subtracting any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age; and
- d. subtracting the commutation amount (if any) specified in that account in relation to that amount.

Pension credit member's rights

49.1 If regulation 7(5) of the Pension Sharing (Pension Credit Benefit) Regulations 2000(a) (early or deferred retirement) applies, the scheme manager must be reasonably satisfied that the requirements of that regulation have been met.

49.2 Benefits that are attributable to a pension credit are not to be aggregated with any other benefits to which the pension credit member is entitled under this scheme.

Reduction in pension debit member's benefits

50.1 The benefits to which a pension debit member is entitled under this scheme are subject to the reduction to be made under section 31 of the Welfare Reform and Pensions Act 1999.

Entitlement to ill-health pension: active member with permanent serious ill-health (Tier 3 pension)

51.1 An active member who has not reached Normal Pension Age is entitled to immediate payment of an ill-health pension if the following criteria are met:

- a. in the opinion of the scheme manager, the member has suffered a permanent breakdown in health involving incapacity for any gainful full-time employment;
- b. the scheme manager has received evidence from a registered medical practitioner that the member is, and will continue to be, incapable of carrying on their occupation because of physical or mental impairment;
- c. the member has vested, or a transfer value payment has been accepted from a non-occupational pension scheme in relation to the member;
- d. the member is not entitled to a Tier 2 ill-health pension;
- e. the scheme manager has agreed to the member becoming entitled to a Tier 3 pension.

51.2 For the purpose of these Regulations, a member's breakdown in health is 'permanent' if the scheme manager is of the opinion that the breakdown will continue until the member reaches Normal Pension Age.

51.3 A member entitled to immediate payment of an ill-health pension is entitled to:

- a. immediate payment of Added Pension (of any description) if their retirement account specifies any Added Pension; and
- b. immediate payment of a club transfer earned pension, if the retirement account specifies a club transfer earned pension.

51.4 The annual rate of a Tier 3 ill-health pension and any Added Pension payable is calculated in accordance with paragraph (54).

Entitlement to ill-health pension: active member with significant impairment of capacity for gainful employment (Tier 2 pension)

52.1 An active member who has not reached Normal Pension Age is entitled to the immediate payment of an ill-health pension if:

- a. in the opinion of the scheme manager:
 - (1) the member has suffered a breakdown in health, as a result of which, their capacity for any gainful employment is significantly impaired; and
 - (2) the breakdown will continue until the member reaches Normal Pension Age.

- b. the scheme manager has received evidence from a registered medical practitioner that the member is, and will continue to be, incapable of any gainful employment because of physical or mental impairment;
- c. the member has vested or a transfer value payment has been accepted from a non-occupational pension scheme in relation to the member;
- d. the member is not entitled to a Tier 3 ill-health pension;
- e. the scheme manager has agreed to the member becoming entitled to a Tier 2 ill-health pension.

52.2 A member entitled to immediate payment of an ill-health pension is entitled to:

- a. immediate payment of Added Pension (of any description) if their retirement account specifies any Added Pension; and
- b. immediate payment of a club transfer earned pension, if the retirement account specifies a club transfer earned pension.

52.3 The annual rate of a Tier 2 ill-health pension and any Added Pension payable is calculated in accordance with paragraph (55).

Ill-health awards

Ill-health awards are assessed within 3 Tiers.

Tier 1 awards are made to those who are medically discharged with the least serious conditions and result in the payment of a lump sum (or EDP for those who have passed the EDP qualification point); these awards are covered within the EDP regulations. Those awarded a Tier 1 lump sum (or EDP) will also receive a deferred pension at deferred pension age.

Tier 2 and Tier 3 awards reflect increasingly serious conditions and both result in the award of enhanced immediate pensions.

Deferment of accrued earned pension attributable to a transfer payment

53.1 Any transfer sum accepted within the 24 months before the scheme manager decides to award an ill-health pension will be treated as a separate deferred pension and will be paid when the member reaches Deferred Pension Age.

53.2 Accordingly, where the scheme manager has decided to award an ill-health pension within 24 months of receipt of a transfer payment, a deferred member's account is established to hold the transferred sum. This does not form part of any ill-health award and is paid at Deferred Pension Age.

53.3 Any transfer sum received more than 24 months before the scheme manager decides to award an ill-health pension will be calculated separately and paid at the same time that the ill health pension comes into payment. Transfer sums do not form part of the calculation for any ill-health award.

Annual rate of ill-health pension: active member with permanent serious ill-health (Tier 3 pension)

54.1 The annual rate of a Tier 3 ill-health pension is determined by first calculating the member's average annual pension. This is calculated by dividing the member's total earned pension by their length of service (expressed as number of scheme years and part scheme years).

NB. For Reservists, their 'length of service' is their total period of continuous service, not just the number of days when pensionable earnings are received.

54.2 When calculating the average annual pension:

- a. early payment reduction is not applied;
- b. Added Pension is not included; and
- c. transfer sums are not included.

54.3 The Tier 3 award is calculated by the member's actual length of service within AFPS 15 (expressed as scheme years and part scheme years – see paragraph (130)), plus an enhancement. This is then multiplied by the average annual pension.

54.4 The enhancement is equal to half of the length of service (expressed as scheme years and part scheme years) that the individual had left to complete between the date of their medical discharge and their Normal Pension Age.

54.5 The enhancement is adjusted to ensure that the overall award (total service plus enhancement) reflects a guaranteed minimum length of service. The guaranteed minimum length of service is either:

- a. 25 years; or
- b. where an individual had joined the Armed Forces with less than 25 years to serve until reaching Normal Pension Age, the guaranteed minimum length of service the individual will receive is lower. In these circumstances, the guaranteed minimum length of service becomes the length of pensionable service between when the individual joined the Armed Forces and when they would have reached Normal Pension Age.

54.6 Added Pension is calculated separately and paid immediately alongside the Tier 3 pension. The early payment reduction is not applied.

54.7 The annual rate of any transfer pension payable is calculated separately:

- a. transfer sums received into the scheme 24 months or less before the scheme manager decides to award an ill-health pension are held in deferment and paid when the member reaches the Deferred Pension Age;
- b. transfer sums received into the scheme more than 24 months before the scheme manager decides to award an ill-health pension are taken into account in one of the following 2 ways:

(1) if the Tier 3 award reflects a length of service that is equal to or greater than the guaranteed minimum, the transfer sum is calculated separately and paid immediately alongside the Tier 3 award.

(2) if the Tier 3 award reflects a length of service that is less than the guaranteed minimum, the greater of the following sums is paid:

(a) a Tier 3 award with an enhancement based on the guaranteed minimum length of service, paid immediately; or

(b) a Tier 3 award based on the standard enhancement, plus the transferred in pension (calculated separately but paid immediately alongside the Tier 3 award).

c. if paragraphs **(54.7b (1) or (2))** apply, the early payment reduction is not subtracted.

54.8 Where a member, who has been discharged with a Tier 3 ill health pension, re-joins the Armed Forces (Regular or Reservist) their ill-health pension is stopped on their first day of reemployment. The Tier 3 enhancement is removed and the un-enhanced pension is then placed into deferment and next becomes payable when the member reaches State Pension Age (see paragraph **(125)**). They will not be required to repay any lump sum that they had derived by commuting their Tier 3 pension. Because a Benefits Crystallisation Event has occurred, previous service can no longer be taken into account. Upon re-joining, a new active member's account will be established and the member will be required to vest again.

54.9 If a member has rejoined the Armed Forces after receiving an ill-health pension and is medically discharged from the Armed Forces again (for the same or a different medical condition), only their subsequent period of service is taken into account when calculating their subsequent ill-health award. Any pension from previous service remains held in deferment.

54.10 For members who have served on flexible terms, when calculating the enhancement value:

a. for all years up to the last active year, all (or part) of a scheme year during any period of flexible service for which amounts of earned pension were specified in the member's account, are reduced by the service reduction percentage applicable to that period of flexible service; and

b. if the member was serving on flexible terms during the last active scheme year, the number of calendar days during any period of flexible service when the member was eligible for active membership, are reduced by the service reduction percentage applicable to that period of flexible service.

Annual rate of ill-health pension: active member with significant impairment of capacity for gainful employment (Tier 2 pension)

55.1 The annual rate of a Tier 2 ill-health pension is determined by first calculating the member's average annual pension. This is calculated by dividing the member's earned

pension by their length of service (expressed as number of scheme years and part scheme years).

NB. For Reservists, their 'length of service' is their total period of continuous service, not just the number of days when pensionable earnings are received.

55.2 When calculating the average annual pension:

- a. early payment reduction is not applied;
- b. Added Pension is not included;
- c. transfer sums are not included.

55.3 The Tier 2 award is calculated by the member's actual length of service within AFPS 15 (expressed as scheme years and part scheme years – see paragraph (130)), plus an enhancement. This is then multiplied by the average annual pension. There is no adjustment to the enhancement under a Tier 2 award to reflect a guaranteed minimum length of service.

55.4 The enhancement is equal to one third of the length of service (expressed as scheme years and part scheme years) that the individual had left to complete between the date of their medical discharge and the date when they would have reached their Normal Pension Age.

55.5 Added Pension is calculated separately and paid immediately alongside the Tier 2 pension. The early payment reduction is not applied.

55.6 Transfer sums received into the scheme 24 months or less before the scheme manager decides to award an ill-health pension are held in deferment and paid when the member reaches the Deferred Pension Age.

55.7 Transfer sums received into the scheme more than 24 months before the scheme manager decides to award an ill-health pension are calculated separately and paid immediately. The early payment reduction is not applied.

55.8 Where a member, who has been discharged with a Tier 2 ill health pension, re-joins the Armed Forces (Regular or Reservist) their ill-health pension is stopped on their first day of reemployment. The Tier 2 enhancement is removed and the un-enhanced pension is then placed into deferment and next becomes payable when the member reaches Deferred Pension Age (see paragraph (125)). They will not be required to repay any lump sum that they had derived from commuting their Tier 2 pension. Because a Benefits Crystallisation Event has occurred, previous service can no longer be taken into account. Upon re-joining, a new active member's account will be established and the member will be required to vest again.

55.9 If a member has rejoined the Armed Forces after receiving an ill-health pension and is medically discharged from the Armed Forces again (for the same or a different medical condition), only their subsequent period of service is taken into account when calculating their subsequent ill-health award. Any pension from previous service remains held in deferment.

55.10 For members who have served on flexible terms, when calculating the enhancement value:

- a. for all years up to the last active year, all (or part) of a scheme year during any period of flexible service for which amounts of earned pension were specified in the member's account, are reduced by the service reduction percentage applicable to that period of flexible service; and
- b. if the member was serving on flexible terms during the last active scheme year, the number of calendar days during any period of flexible service when the member was eligible for active membership, are reduced by the service reduction percentage applicable to that period of flexible service.

Entitlement to immediate pension: deferred member with permanent serious ill-health

56.1 A deferred member, who has not reached Deferred Pension Age, is entitled to immediate payment of their deferred pension if:

- a. the member makes a claim to the scheme administrator for immediate payment of the pension;
- b. the member has vested in the scheme (has at least 2 years' qualifying service or a transfer value payment from a non-occupational pension scheme has been accepted in relation to the member);
- c. in the opinion of the scheme manager, after consulting the scheme medical adviser, the member meets Tier 3 criteria (has suffered a permanent breakdown in health involving incapacity for any gainful full-time employment); and
- d. the scheme manager has agreed to the member becoming so entitled.

56.2 For the purpose of these Regulations, a member's breakdown in health is 'permanent' if the scheme manager is of the opinion that the breakdown will continue until the member reaches Deferred Pension Age.

56.3 A deferred member entitled to immediate payment of a pension is entitled to:

- a. immediate payment of an Added Pension of any description if the retirement account specifies an accrued pension of that description; and
- b. immediate payment of a club transfer pension, if the retirement account specifies a club transfer pension.

56.4 The annual rate of a deferred member's pension, any Added Pension and any club transfer pension payable are calculated in accordance with paragraph (46) without subtracting the early payment reduction and are paid immediately.

56.5 A pension awarded to a deferred member with permanent serious ill-health is the standard deferred pension (albeit paid immediately, without subtracting the early payment reduction). It is not calculated as a Tier 3 ill-health award.

For Administrators - Accounting for Members' Ill-health Pensions

Ill-health pensions derived from service in AFPS 15 (the base pension and the enhancement) are always paid from AFPS 15.

Where ill-health pensions are derived from service in both a legacy scheme and service in AFPS 15, different accounting rules apply. Initially they will be paid from AFPS 15, however, when the member reaches the Normal Pension Age (or Immediate Pension Point) of their legacy scheme, the legacy base pension will revert to being paid from that scheme. The legacy enhancement will continue to be paid from AFPS 15.

Scheme manager's review of ill-health awards

57.1 This paragraph applies if:

- a. an active member is entitled to a Tier 2 or a Tier 3 ill health award, or a deferred member claims early payment of their pension due to ill-health; and
- b. it appears to the scheme manager, after consulting the scheme medical adviser, that the members medical condition has changed.

57.2 The scheme manager may review the member's condition under this paragraph.

57.3 No review is to be made under paragraph (57.2) after:

- a. the member, in receipt of a Tier 2 or a Tier 3 award has reached Normal Pension Age; or
- b. the deferred member, in receipt of a pension that was awarded early due to ill-health (in accordance with paragraph (56)) has reached Deferred Pension Age.

57.4 If on any such review, in the case of an active member who is entitled to a Tier 3 award, the scheme manager is of the opinion that:

- a. the member has not suffered a Tier 3 breakdown; but
- b. the member has suffered a Tier 2 breakdown, the scheme manager may determine that the member is to cease to be entitled to a Tier 3 pension and will become entitled to a Tier 2 pension. The change to a different rate of pension will occur 3 months after the scheme manager's ruling.

57.5 If on any review, in the case of an active member who is entitled to a Tier 2 pension, the scheme manager is of the opinion that the member has not suffered a Tier 2 breakdown, the scheme manager may determine that the member is to cease to be entitled to a Tier 2 pension. The payment of the Tier 2 pension will cease 3 months after the scheme manager's ruling.

57.6 If on any review, in the case of a deferred member who has claimed early payment of their pension due to ill-health, the scheme manager is of the opinion that the member has not suffered permanent serious ill-health, the scheme manager may determine that

the member is to cease to be entitled to early payment of their pension. The payment of the pension will cease 3 months after the scheme manager's ruling, and will become payable again when the member reaches Deferred Pension Age.

57.7 If on any review, the scheme manager proposes a change of pension payments, the scheme manager must:

- a. notify the member in writing that the scheme manager proposes to make such a change;
- b. include the reason for the scheme manager's decision; and
- c. give the member information about rights under:
 - (1) the arrangements established by the scheme manager for the resolution of disputes relating to this scheme that are in force at the time the notification is given; and
 - (2) Part 10 of the PSA 1993 (investigations: the Pensions Ombudsman).

Member's request for review of ill-health awards

58.1 This paragraph applies if a member:

- a. is entitled to an ill health pension; or
- b. has received a Tier 1 lump sum under the EDP scheme.

58.2 The member may request a review of the member's condition under this paragraph:

- a. at any time within 5 years of first becoming entitled to an ill-health award;
- b. after that time if, in the opinion of the scheme manager, the circumstances are exceptional.

58.3 The request must be made by writing to the scheme administrator, including reasons for the review.

58.4 If a member requests a review of their condition under this paragraph, the scheme manager must:

- a. review the question whether the member has suffered a more serious breakdown; and
- b. if the scheme manager has received evidence from a qualified medical practitioner and is of the opinion that the member has suffered such a breakdown, determine whether:
 - (1) the member had suffered a more serious breakdown at the time that they originally became entitled to an ill health award (i.e. it was misdiagnosed); or

(2) the member's condition had deteriorated to a more serious level at some point after having been originally awarded an ill-health award.

58.5 If on any review, the scheme manager is of the opinion that the member:

- a. has suffered a more serious breakdown; and
- b. had done so at the time when the member first became entitled to the original ill health award, then the member ceases to be entitled to the original award and becomes entitled to a higher award. The difference between the original award and the higher award will be paid, backdated to the date of the original assessment.

58.6 If on any review, the scheme manager is of the opinion that the member:

- a. has suffered a more serious breakdown; but
- b. the member's condition has deteriorated, then the member's entitlement to the original award ceases and the member is entitled to the higher award, payable from the date on which the review was requested.

58.7 If the member is in receipt of an EDP but their medical condition deteriorates to a Tier 2 level, the EDP remains payable and no Tier 2 award is payable.

General option to exchange part of the pension for lump sum

59.1 A member may opt to exchange part (up to 25%) of their pension for a (tax-free) lump sum. This is known as commutation.

59.2 This means that for every £1 that the member's annual rate of pension is reduced, the member is to be paid a lump sum of £12.

59.3 A member may not exchange pension for lump sum under this paragraph to the extent that it would result in a scheme chargeable payment for the purpose of Part 4 of the FA 2004 (see section 241 of that Act).

59.4 A pension credit member may not convert their pension into a lump sum if the pension debit member (from whose rights the pension is derived) has already exercised the option prior to the pension sharing order taking effect.

59.5 The option for commutation must be exercised by writing to the scheme administrator using [AFPS Form 9](#), no earlier than 6 months and no later than 1 month before the first pension payment is made.

59.6 The option to commute applies equally to Added Pension, transferred pension, and earned pension in equal proportions.

Option for members in serious ill-health to exchange whole pension for lump sum

60.1 An active member, deferred member or pension credit member may opt to exchange the whole of their pension(s) under this Chapter for a lump sum(s) if:

- a. the scheme manager is satisfied that the member is expected to live for less than 12 months; and
- b. the scheme manager has received evidence from a registered medical practitioner that this is the case.

60.2 An option under this paragraph is to be exercised by writing to the scheme administrator and must be exercised before the pension becomes payable.

60.3 A member who exercises the option is to be paid as soon as is reasonably practicable.

60.4 Where an active member exercises the option, the amount of the lump sum is equal to the total annual amount of a Tier 3 ill-health pension, multiplied by 5.

60.5 Where a deferred member exercises the option, the amount of the lump sum is equal to the total amount of their deferred pension, multiplied by 5.

60.6 Where a pension credit member exercises the option, the amount of the lump sum is equivalent to the value of their pension credit rights (as determined by the scheme manager, having taken guidance from the scheme actuary).

60.7 The 'annual amount' in relation to a pension means the sum of the following amounts:

- a. the amount of the annual rate of the pension to which the member would be entitled under this chapter; and
- b. the amount of any increase in the annual rate of pension payable under the PIA 1971, calculated:
 - (1) as at the time payment would otherwise first be due; but
 - (2) disregarding any service that the member might have accrued if the member had continued in service until that time.

60.8 Where the option is taken to exchange the whole pension for a lump sum, the member's further pension rights are extinguished. However, dependants' benefits will remain payable upon death of the member, as if the option had not been exercised.

Election to allocate pension

61.1 An active member or deferred member may elect to allocate a part of their annual rate of pension to another person.

61.2 No allocation may be made in respect of an ill-health pension or an Added Pension (member).

61.3 The member may not allocate more than the permitted percentage (currently 37.5%, or a lower percentage as advised by the scheme actuary) of the member's annual pension.

61.4 When making an allocation, the scheme manager, as advised by the scheme actuary, will consider the circumstances of both the member and the potential recipient, in addition to the existence of any other dependants. The member will then be advised the maximum reduction to the value of their pension that will be payable until their death. They will also be advised how the pension that the recipient will receive after the member's death will be increased.

61.5 If a member wishes to allocate pension to more than one person:

- a. a separate allocation must be made in respect of each of them; and
- b. the limit under paragraph (61.3) applies to the total amount allocated.

61.6 If:

- a. an election does not comply with paragraph (61.3); or
- b. taken together the member's allocations exceed the permitted percentage,

the scheme administrator may adjust the allocation(s) into smaller amounts such that the overall permitted percentage limit is complied with.

Procedure for allocation election

62.1 An allocation must be made no earlier than 6 months before the pension becomes payable. The closing date is either the date the pension becomes payable, or any other date advised to the member by the scheme administrator.

62.2 A member may at any time before the closing date:

- a. revoke an allocation; or
- b. amend an allocation by altering the amount.

62.3 An allocation and any revocation or amendment of an allocation must be made in writing in such form as the scheme administrator requires and be lodged with the scheme administrator.

62.4 Subject to paragraphs (62.5) and (62.7), an allocation takes effect on the closing date.

62.5 An allocation has no effect if:

- a. the member dies before the closing date; or
- b. the person in whose favour it is made ('the beneficiary') dies before that date; or
- c. the scheme manager is not satisfied that at the time the allocation is made, the beneficiary is the member's spouse or civil partner or a person who in the opinion of the scheme manager meets one of the conditions specified in paragraph (62.6).

62.6 The conditions are:

- a. that the person is financially wholly or mainly dependent on the member; or
- b. that the member and the person are financially interdependent.

62.7 An allocation has no effect unless:

- a. before the closing date, the member has:
 - (1) made a declaration about the member's state of health in such form as the scheme administrator may request; and
 - (2) if requested by the scheme administrator, provided evidence relating to the member's health in accordance with that request; and
- b. the scheme administrator is satisfied that at the date on which the member makes the declaration the member is in good health.

Effect of allocation

63.1 If an allocation of part of a member's pension to another person (the beneficiary) has been set up:

- a. the member's pension is reduced (even if the beneficiary pre-deceases the member); and
- b. if the beneficiary survives the member, on the member's death, the beneficiary becomes entitled to the payment of a pension for life of such amount as the scheme manager may determine, after consultation with the scheme actuary, having regard to:
 - (1) the amount of the allocation to the beneficiary; and
 - (2) the beneficiary's and member's age and gender.

63.2 The scheme manager may withhold payment from the beneficiary if:

- a.
 - (1) the member dies within 2 years, beginning with the date on which the allocation takes effect; and
 - (2) the scheme manager is satisfied that the member made a false declaration about their state of health in connection with making the allocation; or
- b. the scheme manager is of the opinion that:
 - (1) the member made the allocation under duress; or

(2) the member was mentally impaired at the time when they member made the allocation and would not have made the allocation apart from the impairment.

63.3 An allocation to a spouse / civil partner is revoked upon divorce or termination of the civil partnership. The beneficiary must be either the spouse/civil partner or be a financial dependant (or be financially inter-dependant) on the date the member dies.

63.4 If the scheme manager proposes to withhold payment under paragraph (63.3), the scheme manager must notify the beneficiary in writing and include the reason for the scheme manager's decision.

63.5 Such a notification must give the person information about rights under:

- a. the arrangements for the resolution of disputes; and
- b. Part 10 of the PSA 1993 (Investigations: the Pensions Ombudsman), in respect of any decision made under paragraph (3).

Adjustment of allocated benefits for the Finance Act 2004 where member dies over age 75

64.1 This paragraph applies if:

- a. a member dies after reaching the age of 75; and
- b. the pension that would be payable is not in accordance with HMRC tax legislation.

64.2 The benefit payable to the person may be adjusted in such manner as is determined by the scheme manager.

6 Death Benefits

Surviving spouses' and civil partners' pensions

65.1 If an active member, deferred member or pensioner member dies leaving a surviving spouse or civil partner, the surviving spouse or civil partner:

- a. is entitled to a dependant's earned pension that is payable for life; and
- b. depending on the deceased member's circumstances, may be entitled to one or more other pensions payable under this scheme.

65.2 Paragraph (65.1) does not apply if the member is an active member who dies before they have vested (see definition).

65.3 A dependant's pension under this also includes dependant's Added Pension, where the member had purchased Added Pension (member and dependants).

65.4 The scheme manager has the discretion to withhold the pension or pensions:

- a. if the member and the surviving spouse married less than 6 months before the member's death; or
- b. the civil partnership was formed less than 6 months before the member's death.

65.5 The annual rate of the pension(s) payable under this paragraph is calculated under paragraphs (68, 69 and 70) (annual rate of adult dependants' pensions payable on death) by reference to the deceased member's own pension rights.

65.6 Dependant's pensions are payable from the date the pension is claimed. Where a late claim is made no late payment supplement is added, instead pension arrears dating from the member's date of death will be awarded. Claims for pension arrears will be considered by the scheme administrator up to 6 years after the member's death, thereafter any claim must be considered by the Treasury.

65.7 Should the member fail to claim any pension prior to death, the scheme administrator will award the member's lump sum and pension arrears to the estate. Posthumous claims for a member's lump sum and pension will be considered by the scheme administrator up to 6 years after the member's death. Thereafter, any claim must be considered by the Treasury.

Guaranteed minimum pension for surviving spouses and civil partners

66.1 If a person who is the surviving spouse or civil partner of a deceased active, deferred or pensioner member has a guaranteed minimum under section 17 PSA 1993 in relation to benefits in respect of the deceased member under this scheme, nothing in these regulations prevents the guaranteed minimum from being met.

For Administrators - Guaranteed Minimum Pension

The Armed Forces Pension Schemes are contracted out from the State Second Pension (SSP) (previously SERPS). For pensions accrued between 1978 and 1997, the Armed Forces Pension Schemes are required by law to pay a pension benefit at least as beneficial as that paid out by the SSP. This amount is known as the Guaranteed Minimum Pension (GMP).

In most cases, the Armed Forces Service Pension is greater than the GMP from the SSP. However, in those cases where the Armed Forces Service Pension is less than the GMP, the AFPS will increase the Armed Forces Service Pension to the same level as that of the GMP.

66.2 If:

- a. no pension would be payable to the surviving spouse or civil partner under this chapter; or
- b. the weekly rate of the pensions payable would be less than the guaranteed minimum,

the guaranteed minimum is payable to the surviving spouse or civil partner for life.

66.3 Paragraph (66.2) does not apply to a pension that is forfeited as a result of a conviction of an offence referred to in paragraph (122.1 a or b) (events enabling forfeiture).

Other adult dependants' pensions

67.1 If an active member, deferred member or pensioner member dies leaving a surviving adult dependant, and no benefit is payable under paragraph (65) (surviving spouses' and civil partners' pensions), the scheme manager may award the surviving adult dependant:

- a. a dependant's earned pension that is payable for life; and
- b. depending on the deceased member's circumstances, one or more other pensions that are payable under this scheme.

67.2 Paragraph (67.1) does not apply if the member is an active member who dies before they have vested.

67.3 A person entitled to a dependant's pension under this paragraph is also entitled to a dependant's Added Pension, where the member had purchased Added Pension (member and dependants).

67.4 A person is a surviving adult dependant in relation to a member for the purposes of this paragraph if the person satisfied the scheme manager as at the date of the member's death:

- a. the person and the member were cohabitating as partners in an exclusive and substantial relationship;
- b. the person and the member were not prevented from marrying or entering a civil partnership; and
- c. either the person was financially dependent on the member, or the person and the member were financially interdependent.

67.5 The annual rate of the pension(s) payable under this paragraph is to be calculated under paragraphs (68, 69 and 70) (annual rate of adult dependants' pensions payable on death) by reference to the deceased member's own pension rights.

Annual rate of adult dependants' pensions payable on death of a pensioner member

68.1 This paragraph deals with the annual rate of the pension payable to a surviving spouse, civil partner or other adult dependant, when a member dies when in receipt of their pension.

68.2 The annual rate of the dependant's pension is determined by taking an amount equal to 62.5% of the annual rate of the member's pension at the point of the member's death after:

- a. subtracting the commutation amount (if any);
- b. subtracting the pension sharing order amount (if any) specified in the account in relation to that amount; and
- c. disregarding:
 - (1) any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;
 - (2) any in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60);
 - (3) any late payment supplement that the member has earned by claiming their pension after the earliest due date; and
 - (4) any allocation amount.

68.3 Where a member was entitled, or would have become entitled to immediate payment of a club transfer pension as at the date of death, they will receive 62.5% of the aggregate of the annual rate of the member's pension and club transfer pension.

68.4 The annual rate of the dependant's Added Pension is found by taking an amount equal to 62.5% of the annual rate of the member's Added Pension (members and dependants) at the point of the member's death after:

- a. subtracting the commutation amount (if any) specified in the account in relation to that amount;

- b. subtracting the pension sharing order amount (if any) specified in the account in relation to that amount; and
- c. disregarding:
 - (1) any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;
 - (2) any in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60);
 - (3) any late payment supplement that the member has earned by claiming their pension after the earliest due date; and
 - (4) any allocation amount.

Annual rate of adult dependants' pensions payable on death of a deferred member

69.1 This paragraph deals with the annual rate of the pension payable to a surviving spouse, civil partner or other adult dependant, when a member dies in deferment.

69.2 The annual rate of the dependant's pension is an amount equal to 62.5% of the provisional amount of the member's deferred pension and 62.5% of any deferred club transfer pension at the point of the member's death, after subtracting the pension sharing order amount (if any).

69.3 The annual rate of the dependant's Added Pension is an amount equal to 62.5% of the provisional amount of the member's deferred Added Pension (member and dependants) at the point of the member's death, after subtracting the pension sharing order amount (if any).

Annual rate of adult dependants' pensions payable on death of an active member

70.1 This paragraph deals with the annual rate of the pension payable to a surviving spouse, civil partner or other adult dependant, when a member dies in service, provided that the member has vested.

70.2 The annual rate of the dependant's pension is determined by:

- a. calculating a Tier 3 ill-health pension for the member as if they were medically discharged on the date of death, and awarding 62.5% of this to the dependant; or
- b. for active members serving beyond Normal Pension Age, dependants receive 62.5% of the annual rate of the member's retirement earned pension at the point of the member's death.

In each case under paragraph (**70.2 a** and **b**), 62.5% is calculated after:

- (1) subtracting the pension sharing order amount (if any);

- (2) disregarding any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;
- (3) disregarding any in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60); and
- (4) disregarding any late payment supplement that the member has earned by claiming their pension after the earliest due date.

70.3 Where a member was entitled or would have become entitled to immediate payment of a club transfer pension as at the date of death, the dependants will receive 62.5% of the aggregate of the annual rate of the member's pension and club transfer pension. The club transfer pension is calculated in the same manner as in paragraph (70.2b).

70.4 The annual rate of the dependant's Added Pension is determined by taking an amount equal to 62.5% of the annual rate of the member's Added Pension at the point of the member's death after:

- a. subtracting the pension sharing order amount relating to that pension (if any) specified in the member's pension account;
- b. disregarding any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;
- c. disregarding any in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60); and
- d. disregarding any late payment supplement that the member has earned by claiming their pension after the earliest due date.

Reduction in pensions in case of wide age disparity

71.1 If, on the death of a member, a pension is payable to a beneficiary who is more than 12 years younger than the member, the annual rate of the pension calculated under this Chapter is reduced by the appropriate amount.

71.2 The appropriate amount is the lower of:

- a. 50% of the amount of the annual rate of the dependants pension so calculated; or
- b. $2.5 \times (N - 12)\%$ of the annual rate of the pension, where N is the number of whole years by which the beneficiary is younger than the member.

71.3 Paragraph (71) does not apply in respect of a member who:

- a. has previous service in AFPS 75; or

- b. has previous service in AFPS 75 who accepted the Offer To Transfer into the AFPS 05 scheme.

Surviving children's pensions

72.1 If an active member, deferred member or pensioner member dies leaving a surviving eligible child, the eligible child:

- a. is entitled to a child's pension; and
- b. depending on the deceased member's circumstances, may be entitled to one or more other pensions payable under this scheme.

72.2 If the child ceases to be an eligible child after the date of the member's death, the pension ceases to be payable unless and until the child becomes an eligible child again. If the child does not cease to be an eligible child, the pension is payable for life.

72.3 This paragraph is subject to paragraph (75) (children born after the member's death) and paragraph (88) (provisional awards of children's pensions: later adjustments).

72.4 A child's pension is payable under this paragraph if:

- a. the member was entitled to immediate payment of a pension as at the date of the member's death; or
- b. the member would have become entitled to a pension had they not died.

72.5 If a child's pension is payable, a child's Added Pension is also payable if the member was entitled or would have become entitled to immediate payment of an Added Pension (member and dependants) as at the date of the member's death.

72.6 The annual rate of the pension or pensions payable under this paragraph is calculated under paragraph (74) (annual rate of children's pensions) by reference to the deceased member's own pension rights.

Meaning of eligible child

73.1 'Eligible child', in relation to a deceased member, means:

- a. a natural or adopted child of the member who meets any of conditions A to C; or
- b. any other child or young person who:
 - (1) meets any of conditions A to C; and
 - (2) was financially dependent on the member as at the date of the member's death.

73.2 Condition A is that the person is aged under 18.

73.3 Condition B is that the person is in full-time education or vocational training and has not reached the age of 23.

73.4 Condition C is that the person is unable to engage in gainful employment because of physical or mental impairment and either:

- a. the person has not reached the age of 23; or
- b. that impairment is, in the opinion of the scheme medical adviser, likely to be permanent and the person was dependent on the member as at the date of the member's death because of physical or mental impairment.

73.5 A person who is aged under 19 on the date on which they cease to be in full-time education is treated as being in such education until the first of the following dates after the person ceases to be in that education:

- a. the second Monday in January;
- b. the second Monday after Easter Monday;
- c. the second Monday in September;
- d. the date on which the person becomes engaged full-time in gainful employment;
- e. the person's 19th birthday.

73.6 A person who, as at the date of the member's death, is aged under 23 and is taking a break from full-time education or vocational training for a period not exceeding 15 months, is assumed to be continuing in such education or training during the break for the purpose of determining:

- a. whether the person is an eligible child at that date (but not at any later date); and
- b. the number of eligible children to whom pensions are payable. A pension will however not be paid to any child during the gap in full time education or vocational training.

73.7 An eligible child who is prevented from continuing in full-time education or vocational training on account of ill-health, is treated as continuing to be in such education or training.

73.8 Paragraph (73.7) does not apply at any time when the eligible child's health is such that it is reasonable to assume that they will not be capable of undertaking any further education or training.

Annual rate of children's pensions

74.1 This paragraph deals with the annual rate of the pensions payable under paragraph (72) (surviving children's pensions) on the death of a member by reference to the deceased member's own pension rights.

74.2 The annual rate of the child's pension is determined by:

a. where an adult dependant will also be due a pension:

(1) for one eligible child only, the eligible child will receive a pension equivalent to 25% of the annual rate of the member's pension at the point of the member's death;

(2) for two or more eligible children, each eligible child will receive an equal share of 37.5% of the annual rate of the member's pension at the point of the member's death.

b. where there is no adult dependant who is also due a pension:

(1) for one eligible child only, an amount equal to 1/3rd of the annual rate of the member's earned pension at the point of the member's death;

(2) for two or more eligible children, an equal share of the member's earned pension at the point of the member's death, but limited to 1/3rd per child.

74.3 The actions under this paragraph are calculated by:

a. subtracting the commutation amount (if any);

b. disregarding:

(1) any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;

(2) any in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60);

(3) any late payment supplement that the member has earned by claiming their pension after the earliest due date;

(4) any amount from a pension sharing order that the member may have had awarded against them, but which is not yet in force;

(5) any allocation amount.

74.4 Where a member was entitled or would have become entitled to immediate payment of a club transfer pension as at the date of death, the dependant will receive 62.5% of the aggregate of the annual rate of the member's pension and club transfer pension.

74.5 The annual rate of the child's Added Pension is determined by:

a. where an adult dependant's Added Pension is payable:

(1) for one eligible child only, an amount equal to 25% of the annual rate of the member's Added Pension at the point of the member's death;

(2) for two or more eligible children, an equal share of 37.5% of the annual rate of the member's Added Pension at the point of the member's death; or

b. where there is no adult dependant:

(1) for one eligible child only, an amount equal to 1/3rd of the annual rate of the member's Added Pension at the point of the member's death;

(2) for two or more eligible children, an equal share of 100% of the annual rate of the member's Added Pension at the point of the member's death, but limited to 1/3rd per child.

74.6 The actions under this paragraph (**74.6**) are:

a. subtracting the commutation amount (if any) relative to the deceased member's Added Pension specified in the member's pension account;

b. disregarding:

(1) any early payment reduction that the member may have incurred by drawing their pension early from age 55, but before Deferred Pension Age;

(2) any in-service late payment supplement that the member may have accrued by remaining in service beyond the Normal Pension Age (age 60);

(3) any late payment supplement that the member has earned by claiming their pension after the earliest due date;

(4) the pension sharing order amount (if any) in relation to the Added Pension; and

(5) the allocation amount (if any) in relation to Added Pension.

Children born after the member's death

75.1 A child will only be awarded a pension if the child is born within one year of the member's death.

75.2 No pension is payable for the period between the member's death and the child's birth.

75.3 In determining the number of children's pensions that are payable after the member's death, a pension in respect of a child that is expected to be born after the member's death is treated as so payable.

Meaning of 'final pensionable earnings'

76.1 When calculating lump sum death benefits, final pensionable earnings means the greatest amount of the member's total pensionable earnings that are received during any period of 365 consecutive days within the last 3 years of service.

76.2 If a member of the Regular Armed Forces was required to be in service within the final 3 years of service, but did not have any period of 365 consecutive days service, then the person's annualised pensionable earnings for the last year of service are used instead.

76.3 For Regular Armed Forces, their annualised pensionable earnings are the amount given by the formula:

$$PE \times (365 \div N)$$

Where:

PE is the person's pensionable earnings for the period, and

N is the number of days in the period for which pensionable earnings were received.

If the period of the final pensionable earnings includes the day 29 February, for '365' substitute '366'.

76.4 If at any time during the period of 3 years mentioned in paragraph (76.1) or the period mentioned in paragraph (76.2), the member is treated as receiving assumed pay under paragraph (24), for the purposes of determining their final pensionable earnings, assumed pay is included.

76.5 If at any time during the period of 3 years mentioned in paragraph (76.1) the member served on flexible terms, then the member's final pensionable earnings are calculated as though the member had not served on flexible terms for that period.

Earnings adjustments in determining final pensionable earnings

77.1 For the purpose of determining 'final pensionable earnings', when the greatest amount for a period of 365 consecutive days within a 3-year period is used, any period that falls 365 days or more before the last day of service is to be adjusted for inflation.

77.2 Any adjustment made for the purpose of determining final pensionable earnings is to be disregarded for all other purposes of this scheme.

77.3 The reference in paragraph (77.1) to adjusting for inflation means increasing pensionable earnings by the same amount as that by which an annual pension would have been increased under the PIA 1971 on the day following the last day of service.

Death of a member: lump sum benefit

For Administrators - Death Benefit Lump Sums

A member may be a dual capacity member of AFPS 15, and/or may be a member of one or more legacy Armed Forces pension schemes.

Upon death, each membership of each different pension scheme may, subject to the rules of each scheme, potentially yield a lump sum. However, the following general rules apply:

- Only one lump sum may be awarded from each pension scheme; for a dual capacity member this will be the greatest one.
 - When the AFPS 15 Death in Service (DIS) lump sum is paid, no other lump sum is awarded from any other membership, or from any other scheme. However, if an active member who dies in service also had a deferred AFPS 15 pension, and a deferred pension in a legacy Armed Forces scheme, and the aggregated lump sums from the deferred memberships are greater than the DIS lump sum, the aggregated lump sums from the deferred memberships are awarded instead of the DIS lump sum.
- Where lump sums are derived from multiple schemes, they will be combined and paid as a single payment.

The above rules do not apply to lump sums from pension credits; in all cases these are to be calculated and awarded entirely separately from any other lump sums.

- 78.1** On the death of a member, the scheme manager may pay a lump sum to:
- a. the person or persons nominated by the member in accordance with paragraph (84) (nominations for lump sum death benefits).
 - b. if there is no person nominated, the lump sum will be paid to any surviving spouse, civil partner or other adult dependant if they are entitled to receive a portion of the member's pension.
 - c. if there is no nominee and no surviving spouse, civil partner or adult dependant, the lump sum is paid to any other person who would be entitled to a portion of the members pension (normally a child), or
 - d. if there is no nominee and no surviving spouse, civil partner or adult dependant, and no other person who would be entitled to a portion of the member's pension (normally a child), the lump sum is paid to the member's personal representatives.

The personal representatives are normally the executors of an estate, or those nominated to receive any death lump sum within a will.

78.2 If the scheme manager decides to pay all or part of the lump sum to a nominee(s):

- a. the payment is to be made to them in such proportions as the member has specified in the nomination; or
- b. if no proportions are so specified, in such proportions as the scheme manager considers appropriate.

78.3 A nomination cannot be made if the pension has already come into payment.

78.4 Once a pension becomes payable, a nomination will only remain valid for a further 5 years. After that period, it will have no effect.

78.5 A nomination will not have effect if the member has commuted their pension under paragraph (116) (commutation of small pensions) or has exchanged the whole pension for a lump sum under paragraph (60) (option for members in serious ill-health to exchange whole pension for lump sum).

Lump sum amount payable on death of an active member

79.1 If an active member dies in service, the amount of the lump sum payable is equal to the member's final pensionable earnings, multiplied by 4. This is subject to paragraphs (79.2) and (79.3).

79.2 A member's death will only generate one death lump sum per pension scheme. If the member was both an active member and a deferred member of AFPS 15, and if the lump sum payable upon death as a deferred member of AFPS 15, plus the lump sum payable upon death as a deferred member of a connected scheme, is greater than 4 times Final Pensionable Earnings, the aggregated amounts payable upon death of the deferred members is paid instead.

79.3 A member's death will only generate one death lump sum per pension scheme. If the member was both an active member and a pensioner member of AFPS 15, and if the lump sum payable upon death as a pensioner member of AFPS 15, in accordance with paragraph (81), is greater than 4 times Final Pensionable Earnings, the amount payable upon death of the pensioner member is paid instead.

79.4 If the member was an active member of AFPS 15 and a pensioner and/or deferred member of a legacy scheme, 4 times Final Pensionable Earnings will only be paid if it exceeds the aggregated lump sums from each legacy scheme.

79.5 For the purpose of this paragraph, any amounts paid or payable in respect of a pension credit member are to be disregarded. These sums are to be calculated separately and paid separately in all instances.

Lump sum amount payable on death of a deferred member

80.1 For a deceased deferred member, the amount of the lump sum payable under paragraph (78) (death of a member, lump sum benefit) is equal to the annual rate of the member's provisional annual pension, multiplied by 3.

80.2 The annual pension is the annual rate specified in the deferred member's account at the point of the deferred member's death but subtracting the pension sharing order amount (if any) and Added Pension (member) (if any).

80.3 A member's death will only generate one death lump sum per pension scheme. If the member was both a deferred member and a pensioner member of AFPS 15, and a lump sum could be generated from each membership, only the greater of the 2 lump sums will be payable.

80.4 For the purpose of this paragraph, any amounts paid or payable in respect of a pension credit member are to be disregarded. These sums are to be calculated and paid separately in all instances.

Lump sum amount payable on death of a pensioner member

81.1 If a pensioner member dies within 5 years of receipt of their pension, the amount of the lump sum payable under paragraph (78) (death of a member: lump sum benefit) is equal to:

- a. the member's annual pension (pre-commutation), multiplied by 5, less
- b. the total amount of any pension payments made to the member as such under this scheme, including commuted lump sums.

81.2 The reference in paragraph (81.1 a) to the member's annual pension is to the sum of the following amounts:

- a. the amount of the annual rate of each pension as at the beginning date for that pension, but not subtracting the commutation amount (if any); and
- b. the amount of increase (if any) in the annual rate of each such pension under the PIA 1971 payable as at the date of the member's death.

81.3 If the member was both a pensioner member and an active member of AFPS 15, and the amount payable upon death of an active member is greater than the amount payable upon death of a pensioner member, only the amount payable upon death as an active member is payable.

81.4 If the member was both a pensioner member and a deferred member of AFPS 15, and the amount payable upon death of a deferred member is greater than the amount payable upon death of a pensioner member, only the amount payable upon death as a deferred member is payable.

81.5 For the purpose of this paragraph, any amounts paid or payable in respect of a pension credit member are to be disregarded. These sums are to be calculated separately and paid separately in all instances.

Lump sum amount payable on death of a pension credit member

82.1 If a pension credit member dies before any benefits derived from their pension credit have become payable, the amount of the lump sum payable upon their death is 3 times the annual pension that would have been payable.

82.2 The reference in paragraph (82.1) to the member's annual pension is to the sum of the following amounts:

- a. the amount of the annual rate of pension as at the beginning date for that pension, without subtracting the early payment reduction amount (if any); and
- b. the amount of increase (if any) in the annual rate of each such pension under the PIA 1971 payable as at the date of the member's death.

82.3 If a pension credit member dies after the pension credit member's pension becomes payable, the amount of the lump sum is equal to:

- a. 5 times the annual pension, but not subtracting the commutation amount (if any), less
- b. the total amount of any pension payments (including commuted lump sums) made to the member as such under this scheme.

82.4 In this paragraph, 'amount of pension' means the sum of:

- a. the amount of the annual rate of the pension as at the beginning date for that pension; and
- b. the amount of increase (if any) in that annual rate of pension under the PIA 1971, payable as at the date of the member's death.

**For Administrators -
Accounting for Dependants' Pensions and Lump Sums**

Dependants' pensions are always paid under the rules of the relevant pension scheme.

Lump sums are treated differently. When a member dies as an active, deferred or pensioner member before reaching NPA, or as an active member after NPA, the Lump Sum is paid from AFPS 15, regardless of which other schemes the member may belong to.

When a deferred or pensioner member dies after NPA, any Lump Sum is paid under the rules of the relevant legacy scheme.

Members affected by court orders to former spouses and civil partners on death

83.1 This paragraph applies if, on a member's death, the scheme manager is required under a court order to pay any part of a death lump sum to the member's former spouse or civil partner.

83.2 The amount payable is first determined as if no such order had been made, and then the amount is reduced by the amount payable under the court order.

Nominations for lump sum death benefits

84.1 For the purposes of paragraph (78) (death of a member: lump sum benefit), a member may nominate:

- a. one or more individuals;
- b. one incorporated or unincorporated body; or
- c. one or more individuals and one incorporated or unincorporated body.

84.2 A nomination may specify how payments are to be apportioned between:

- a. two or more individuals; or
- b. one or more individuals and one incorporated or unincorporated body.

84.3 A nomination must be made by signed notice in writing to the scheme administrator using [AFPS Form 2](#).

84.4 A member may revoke or alter a nomination by a further signed notice in writing to the scheme administrator in such form as the scheme manager may require or is willing to accept.

84.5 Where the member marries or enters into a civil partnership on or after 1st December 2018, any existing nomination ceases to have effect from the date of the marriage or civil partnership.

84.6 The nomination of a person is invalid if:

- a.
 - (1) the person nominated was the spouse, civil partner or other adult dependant of the member when the nomination was made and was no longer the spouse, civil partner or other adult dependant of the member immediately before the member's death; and
 - (2) the member did not confirm the nomination by notice in writing to the scheme administrator after the marriage, civil partnership or adult dependency ended; or
- b. the person nominated predeceases the member.

84.7 If a person nominated is convicted of the offence of murder of the member, the person's nomination is to be treated as invalid from the member's death.

84.8 If a person nominated is convicted of manslaughter or any other offence (apart from murder) of which the unlawful killing or wounding of the member is an element, the scheme manager may determine that the nomination is to be treated as invalid from the member's death.

Pension debit members

85.1 This paragraph applies where the deceased member was a pension debit member.

85.2 If the deceased member was an active member:

- a. the pensions payable under paragraph (65) (surviving spouses' and civil partners' pensions) or paragraph (67) (other adult dependants' pensions) are to be calculated by reference to the amount of the pension to which the member would have been entitled, after any reduction resulting from a pension sharing order has been taken into account (under Section 31 of the WSPA 1999 ('Section 31'));
- b. the amount payable under paragraph (72) (surviving children's pensions) by virtue of paragraph (74) (annual rate of children's pensions):
 - (1) is first calculated as if the member were not a pension debit member; and
 - (2) is then subject to any reduction as a result of the pension sharing order (under Section 31 of the WSPA 1999); and
- c. the amount of lump sum payable under paragraph (78) (death of a member: lump sum benefit) is to be calculated under paragraph (79) (lump sum amount payable on death of active member). The calculation of a death lump sum is unaffected by any pension sharing order.

85.3 If the pension debit member was a deferred member:

- a. the amount of the pension payable to a surviving spouse, civil partner or other adult dependant is to be calculated by reference to the amount of the pension to which the member would have been entitled, after any reduction as a result of a pension sharing order has been applied; and
- b. the amount payable to surviving children by virtue of paragraph (74):
 - (1) is first calculated as if the member were not a pension debit member; and
 - (2) is then subject to any reduction as a result of a pension sharing order.
- c. the death lump sum payable on the death of a pension debit member is to be calculated under paragraph (80) (lump sum amount payable on death of deferred member).

85.4 If the pension debit member was a pensioner member:

- a. the amount of the pension payable to a surviving spouse, civil partner or other adult dependant is to be calculated by reference to the amount of the pension to which the member was entitled after the reduction as a result of a pension sharing order;
- b. the amount payable to surviving children:
 - (1) is first calculated as if the member were not a pension debit member; and

(2) is then subject to any reduction required after the reduction as a result of a pension sharing order has been applied; and

c. the lump sum payable upon death of a pension debit member is to be calculated in the same manner as it is upon death of a pensioner member under paragraph (81). The calculation of a death lump sum is unaffected by any pension sharing order.

Dependants' pensions and children's pensions: suspension and recovery

86.1 This paragraph applies if:

- a. on a member's death, a pension has been awarded and paid under this chapter; and
- b. it later appears to the scheme manager that the member or the person to whom the pension has been paid made a false declaration to deliberately suppress a material fact in connection with the award.

86.2 The scheme manager may:

- a. cease paying the pension; and
- b. recover any payment made under the award.

86.3 Paragraph (86.2) does not affect the scheme manager's right to recover a payment or overpayment in any case where the scheme manager considers it appropriate to do so.

Recovery of lump sum payments made to nominees

87.1 The scheme manager may recover a lump sum death benefit if:

- a. the payment is made to a nominee under paragraph (84); and
- b. the member's nomination is subsequently found to be invalid under that paragraph.

87.2 Paragraph (87.1) does not affect the scheme manager's right to recover a payment or overpayment in any case where the scheme manager considers it appropriate to do so.

Provisional awards of children's pensions: late adjustments

88.1 This paragraph applies where, after the death of an active, deferred or pensioner member, a pension is paid to eligible children and subsequently it transpires that:

- a. a person in receipt of a pension is not an eligible child;
- b. that a further person is identified as an eligible child; or
- c. a child is born after the member's death and becomes an eligible child.

88.2 The scheme manager may make such adjustments in the amount of the pensions payable in respect of the eligible children to ensure the correct proportion is allocated to each.

88.3 Paragraph (88.2) does not affect the scheme manager's right to recover a payment or overpayment in any case where the scheme manager considers it appropriate to do so.

Payments under this Part

89.1 Except where specified otherwise, a pension is payable from the day after the date of the member's death.

89.2 Payments of a lump sum must be made before the end of a 2-year period, beginning with the earlier of:

- a. the day on which the scheme manager first knew of the member's death; and
- b. the day on which the scheme manager could reasonably be expected to have known of the member's death.

89.3 If the lump sum is not paid within 2 years of the date of the death, the lump sum is forfeit. Instead, the annual amount of pension paid to a person under this Chapter is to be increased, by such amount as the scheme manager, after consulting with the scheme actuary, may determine.

89.4 Unless the scheme manager directs otherwise, a pension payable in respect of an eligible child aged who is under 18 is to be paid:

- a. if the child is in the care of the member's surviving spouse, civil partner or adult dependant, the pension is paid to the surviving spouse, civil partner or adult dependant; and
- b. in any other case, to the child's guardian.

Payment of death benefits to dual capacity members

90.1 This paragraph applies if the deceased member was a dual capacity member of this scheme.

90.2 The general rule is that:

- a. benefits are payable in respect of a dual capacity member for each of the memberships. In such instances, 2 or more pensions or lump sums are payable in respect of the one deceased member; and
- b. the amounts payable are calculated separately.

90.3 But that general rule is subject to the provisions regarding payment of lump sums as set out in paragraphs (79 - 82), in that where the Death in Service lump sum is paid, no other lump sum from any other membership, or from any other legacy scheme, is payable.

90.4 If a pension credit member is entitled to 2 or more pension credits:

- a. benefits are payable in respect of each of the pension credits. In such instances, 2 or more pension credits are payable to the member; and
- b. the amounts of those benefits are calculated separately.

7 Added Pension

Member's option to make periodical contributions to purchase Added Pension

91.1 An active member may opt to make Added Pension contributions during the year, either to:

- a. increase the benefits payable to them when they draw their pension, this is known as Added Pension (member); or
- b. increase the benefits payable to them when they draw their pension and increase the benefits payable to their dependants after they die, this is known as Added Pension (member and dependants).

91.2 The application to obtain a quote on Added Pension contributions must be submitted by writing to the scheme administrator using [AFPS Form 6](#).

91.3 The option to purchase Added Pension runs for a year. A member must renew the application for each new scheme year (1 April to 31 March). This is subject to paragraph (91.9) and paragraph (94) (periodical contributions: special cases).

91.4 Added Pension contributions are payable by deduction from the member's pay account, commencing on the first pay day on or after the member's application is received, and for all subsequent pay days during the contribution period. This is subject to paragraph (93) (cancellation of options to make periodical payments) and paragraph (94) (periodical contributions: special cases).

91.5 If a member chooses to purchase Added Pension:

- a. the monthly payments are taken as fixed amounts each month;
- b. the contributions necessary to yield a certain amount of pension for either the member, or for the member and their dependants, are published in tables issued by the scheme manager after consultation with the scheme actuary. This is subject to paragraph (91.6). Members who wish to purchase Added Pension must write to the scheme administrator using [AFPS Form 6A](#). They may then decide the method of purchase (lump sum or periodical contributions).

91.6 The total amount of Added Pension that a member can have in their account, from either monthly contributions or from a single lump sum payment, is subject to limits set by the Treasury.

91.7 Contributions may also be subject to minimum amount limits, as set by the scheme manager.

91.8 When monthly payments are made, they are made over a scheme year, or over a shorter period if a shorter period is specified at the time of taking out the option.

91.9 A member may not make monthly payments to purchase Added Pension and make a lump sum payment to purchase Added Pension in the same scheme year.

Member's option to pay lump sum contributions to purchase Added pension

92.1 An active member may opt to make a single lump sum contribution to:

- a. increase the benefits payable to them when they draw their pension, this is known as Added Pension (member); or
- b. increase the benefits payable to them when they draw their pension and to their dependants after they die, this is known as Added Pension (member and dependants).

92.2 A lump sum payment may be subject to minimum amount limits, as set by the scheme manager.

92.3 The application to purchase Added Pension via a single lump sum payment must be submitted by writing to the scheme administrator using [AFPS Form 6A](#).

92.4 Added Pension may be purchased via a single lump sum only once per year. A member must then re-apply to make further purchases for each new scheme year. This is subject to paragraph (91.9).

92.5 If a member chooses to purchase Added Pension via a single lump sum payment, the contribution is payable immediately by deduction from the member's earnings or otherwise.

92.6 The contributions necessary to yield a certain amount of pension for either the member, or for the member and their dependants, are published in tables issued by the scheme manager after consultation with the scheme actuary. This is subject to paragraph (91.6).

92.7 The total amount of Added Pension that a member can have in their account, from either monthly contributions or from a single lump sum payment, is currently limited to £6,500 per year. The limit may be altered by the Treasury.

Cancellation of options to make periodical contributions

93.1 A member may cancel their subscription to purchase monthly Added Pension during the scheme year by writing to the scheme administrator using [AFPS Form 6A](#).

93.2 If a member cancels such an option, the monthly payments cease to be payable after the pay period in which the scheme administrator receives the notice.

93.3 If it appears to the scheme administrator that the member's total limits for Added Pension, as set by the Treasury, are likely to be exceeded, the scheme administrator may cancel the member's monthly contributions by giving the member notice in writing.

93.4 If the scheme administrator cancels the member's monthly contributions, the contributions cease for all pay periods falling after the date specified in the notice.

Periodical contributions: special cases

94.1 If a member is purchasing Added Pension by monthly contributions, and has a period of absence from work, serves on flexible terms, or their pay becomes insufficient to meet their monthly contributions, the member may:

- a. cease to pay the monthly contributions; or
- b. continue to pay their full monthly contributions by some other means; or
- c. once they return to work, or once their pay returns to normal levels, opt to adjust their monthly contributions into such instalments as they may agree with the scheme manager, or make up any deficit by lump sum.

Crediting of Added Pension: death in service or medical discharge

95.1 Where a member who is making monthly contributions to purchase Added Pension (member and dependants) dies in service or is discharged with an ill health award midway through the contribution period, such that they have not yet paid their full years worth of contributions, the scheme manager can credit their account with the sum of the missing contributions from the remainder of the scheme year.

Repayment of contributions

96.1 Added Pension contributions are not repayable in any circumstances except if:

- a. the member ceases to be in pensionable service and leaves service before they have vested in the scheme; or
- b. the member chooses to transfer their pension to another occupational pension scheme, in which case the Added Pension will be included in that transfer.

96.2 If a repayment is made, the person is entitled to a refund of their Added Pension contributions, minus the income tax payable under section 205 of the FA 2004 (short service refund lump sum charge).

96.3 If a repayment is made under this paragraph, the member's rights under this Chapter are extinguished.

Members seconded to NATO or the UN etc

97.1 This paragraph applies if an active member is seconded during any period:

- a. to the United Nations or the North Atlantic Treaty Organisation; or
- b. under arrangements with any other organisation such that they are eligible to join the scheme of that organisation while seconded into other service.

97.2 If, at the end of a period of secondment, the member resumes service in the Armed Forces, the member may opt to make a single lump sum contribution to AFPS 15 so as to preserve the pension benefits to which the member would have been entitled, but for the secondment.

97.3 The option is to be exercised by writing to the scheme administrator in such form as the scheme manager requires.

97.4 If a member exercises the option to make a single lump sum contribution to preserve their pension benefits, and pays a contribution to the scheme administrator equal to the aggregate amount of:

- a. any contributions returned to the member in respect of their service during the secondment; and
- b. any lump sum paid to the member as a severance payment on leaving the secondment,

the member is entitled to count the combined amount (above) as being equal to their earned pension benefits that they would have been entitled to, but for the secondment.

97.5 If the aggregate amount mentioned in paragraph (97.4) is less than the amount required to preserve the earned pension benefits, the scheme manager must make a contribution into the scheme equal to the difference. The scheme administrator requires the branch sponsor to pay the amount needed to top up the pension. Authorisation is granted from the branch sponsor/unit and the payment is transferred to the scheme manager.

8 Transfers

Transfers

A member who holds pension rights in another occupational pension scheme from a previous employment, or within a non-occupational pension, may be able to transfer this pension into their Armed Forces pension.

Transfer payments that are accepted are converted into an equivalent pension amount, and are absorbed into the AFPS 15 pension.

However, transfer payments received through the Public Sector Transfer 'Club' arrangements are handled differently:

- Where the transfer is from a 'Club' Final Salary pension scheme it cannot be accepted into AFPS 15. Instead an AFPS 05 account is opened and the transferred sum is held separately in that scheme. While the member remains in service, the transfer sum is indexed annually using the sending schemes revaluation rate; they are not indexed using the AFPS 15 rate.
- Where the transfer is from a 'Club' non-Final Salary pension scheme, the transfer sum is converted into pension amounts within AFPS 15. The transfer sum is then converted into an equivalent 'notional' length of AFPS 05 Service, which is then paid according to the final salary that the individual achieves.

Transferred pension becomes payable at the same time that the AFPS 15 pension comes into payment.

A member may only make a transfer into their Armed Forces pension within 12 months of joining. Additionally, 'Club' Transfers must be made within 5 years of leaving a scheme.

Interpretation

98.1 In this Part, 'guarantee date' has the meaning given in section 93A(2) of the PSA 1993. 'Statement of entitlement' has the meaning given in section 93A(1) of the PSA 1993. 'Transfer value' means an amount equal to:

- a. the guaranteed cash equivalent as defined in section 94(1A) of the PSA 1993 calculated in accordance with regulations made under section 97 of that Act; or
- b. a sum representing the aggregate of the amount in paragraph (98.1a) and such other amount as may be payable by virtue of paragraph (99) (right to require payment of a transfer value).

98.2 'Transfer value payment' means:

- a. for transfers out, payment of a transfer value in respect of a member's right to accrued benefits under this scheme; and

- b. for transfers in, payment of a transfer value in respect of a member's accrued rights under a pension scheme mentioned in paragraph (106) (rights to request acceptance of transfer value payment).

Right to require payment of a transfer value (Transfers Out)

99.1 This chapter applies to a member to whom Chapter 4 of Part 4 of the PSA 1993 (transfer values) applies.

99.2 For transfers out, this chapter:

- a. supplements the rights conferred by or under Chapter 4 of Part 4 of the PSA 1993; and
- b. is without prejudice to Chapter 4 of Part 4 of the PSA 1993.

99.3 Accordingly, the deferred member is entitled to require payment of a transfer value in respect of the member's right to accrued benefits under this scheme.

99.4 Pension Credit members cannot transfer their Pension Credit benefits out of the scheme.

99.5 Members who have not vested are ineligible to transfer any benefits out of the scheme, with the exception of any purchased Added Pension contributions.

Applications for statement of entitlement (Transfers Out)

100.1 A member who requires a transfer value payment must apply to the scheme administrator under section 93A(1) of the PSA 1993 for a statement of entitlement.

100.2 The application must be in writing.

100.3 The member may withdraw the application by notice in writing at any time before the statement is provided.

100.4 The member may not make more than 2 applications in any period of 12 months.

Applications for a transfer value payment (Transfers Out)

101.1 A member who has been provided with a statement of entitlement may apply to the scheme administrator under section 95 of the PSA 1993 for a transfer value payment. A transfer value is only guaranteed for a certain period of time, and expires after the guarantee date.

101.2 The application must:

- a. specify the pension scheme or other pension arrangement to which the transfer value should be paid; and
- b. meet such other conditions as the scheme manager may require.

101.3 The member may withdraw the application by notice in writing to the scheme administrator in accordance with section 100(1) of the PSA 1993.

101.4 Under section 100(2) of that Act, a withdrawal is of no effect if an agreement for the use of the whole or part of the cash equivalent has already been entered into with a third party.

Calculating amount of the transfer value (Transfers Out)

102.1 If a transfer value payment is made later than 6 months after the guarantee date, the amount of the transfer value must be increased in accordance with regulations made under section 97 of the PSA 1993.

102.2 If a transfer value is less than the 'minimum transfer value', the amount of the transfer value must be increased so that it is equal to the amount of the minimum transfer value.

102.3 For the purpose of paragraph (102.2), 'the minimum transfer value' is the sum of the following amounts:

- a. the amount of the member's Added Pension contributions; and
- b. the amount of any transfer value payments and cash transfer sums that have previously been accepted in relation to the member.

Ways in which a transfer value payment may be used (Transfers Out)

103.1 A member may only require the scheme manager to use a transfer value payment in a way specified in section 95(2) of the PSA 1993.

103.2 The whole of the transfer value must be applied subject to paragraph (103.4).

103.3 A transfer value payment may only be made to:

- a. a registered pension scheme; or
- b. a pension arrangement that is a qualifying recognised overseas pension scheme for the purposes of Part 4 of the FA 2004 (see section 169(2) of that Act).

103.4 If section 96(2) of the PSA 1993 applies, there may be excluded from the transfer value payment the benefits attributable to:

- a. the member's accrued rights to a guaranteed minimum pension; or
- b. the member's accrued rights attributable to service in contracted-out employment on or after 6 April 1997.

Effect of Transfers Out

104.1 If a transfer value payment is made in respect of a member's accrued rights under this scheme, those rights are extinguished.

Interpretation – Transfers In

105.1 For a transfer in, ‘transfer date’ means the day on which the transfer value payment is received by the scheme administrator.

Right to request acceptance of a transfer value payment (Transfers In)

106.1 This applies to an active member who has accrued rights under:

- a. another occupational pension scheme that:
 - (1) is a registered pension scheme; and
 - (2) is not a connected scheme; or
- b. is a personal pension scheme.

106.2 The member may request that the scheme administrator accepts payment of a transfer value in respect of some or all of those accrued rights.

106.3 Benefits attributable to a pension credit member from another scheme cannot be transferred in.

Procedure for making a request (Transfers In)

107.1 A request under paragraph (106.2):

- a. must be in writing;
- b. must specify:
 - (1) the pension scheme or arrangement from which the transfer value payment is requested to be made; and
 - (2) the anticipated amount of the payment; and
- c. must meet such other conditions as the scheme administrator may require.

107.2 A request must be made within the first 12 months from the day on which the member becomes an active member of this scheme. A request must also be made within 5 years of ceasing to make contributions into the transferring scheme.

107.3 The scheme administrator may direct that a transfer payment request is to be treated as having been made earlier than it was, if the scheme administrator considers it reasonable to do so in the circumstances.

107.4 On receiving a transfer payment request, the scheme administrator may accept the transfer payment if any conditions required by the scheme administrator are met.

107.5 The scheme administrator may not accept a transfer value payment if:

- a. it would be applied in whole or in part in respect of:

- (1) the member's entitlement to a guaranteed minimum pension; or
 - (2) the entitlement of the member's spouse to a guaranteed minimum pension; and
- b. it is less than the amount required for that purpose, as calculated in accordance with guidance and tables determined by the scheme administrator for the purposes of this paragraph, after consultation with the scheme actuary.

Transfer statement (Transfers In)

108.1 This paragraph applies in relation to:

- a. a request for a transfer payment to be accepted from another pension scheme that is not a club scheme; and
- b. a request for a transfer payment in respect of Added Pension to be accepted from another club scheme.

108.2 The scheme administrator may require that, before making a transfer payment request, a member must ask the scheme manager of the sending scheme to provide a statement of the amount of transferred pension that the member will be entitled to count under paragraph (109) (amount of transferred pension).

108.3 The amount specified in the transfer statement must be an amount calculated by the scheme manager of the sending scheme in accordance with actuarial guidance and tables by reference to:

- a. factors relating to the member's circumstances as at the end of a 2-month period beginning with the date of that statement; and
- b. any other factors as at the date of the statement that the scheme administrator, having consulted the scheme actuary, considers should apply.

Amount of transferred pension (Transfers In)

109.1 This paragraph applies in relation to:

- a. any transfer payment received in relation to a member from another pension scheme that is not a club scheme; and
- b. any transfer payment in respect of Added Pension received in relation to a member from another club scheme.

109.2 For the scheme year in which the transfer date falls, the amount of transferred pension a member is entitled to count in respect of the transfer payment is:

- a. the amount specified in the transfer statement; or
- b. if such a statement is not provided, an amount calculated by the scheme administrator in accordance with actuarial guidance and tables by reference to any

factors as at the transfer date that the scheme administrator, after consultation with the scheme actuary, considers should apply.

Club transfer value statement (Transfers In)

110.1 This paragraph applies in relation to a request for a club transfer value payment to be accepted from another club scheme.

110.2 The scheme administrator may require that, before making the transfer payment request, the member must ask the scheme manager of the sending scheme to provide a statement of the amount of club transfer earned pension that the member will be entitled to count under paragraph (111) (amount of club transfer earned pension), if the transfer date falls within the period of 2 months beginning with the date of that statement.

110.3 The amount of club transfer earned pension specified in the statement must be calculated by the scheme administrator in accordance with actuarial guidance and tables by reference to:

- a. factors relating to the member's circumstances as at the end of that 2-month period; and
- b. any other factors as at the date of the statement that the scheme administrator, after consultation with the scheme actuary, considers should apply.

110.4 The statement must specify the basis on which an amount of accrued earned pension is revalued under the sending scheme while a member is in pensionable service under that scheme. Club transfer pensions continue to be revalued at the sending schemes index rate, even after transfer.

Amount of club transfer earned pension (Transfers In)

111.1 This paragraph applies in relation to a club transfer value payment received from another club scheme.

111.2 For the scheme year in which the transfer date falls, the amount of club transfer earned pension the member is entitled to count in respect of a club transfer value payment is:

- a. the amount specified in the club transfer value statement; or
- b. if such a statement is not provided, an amount calculated by the scheme administrator in accordance with actuarial guidance and tables by reference to any factors as at the transfer date that the scheme administrator, in accordance with the guidance of the scheme actuary, considers should apply.

Miscellaneous – EU and overseas transfers

112.1 This paragraph applies in the case of a member whose transfer is subject to transfer arrangements concluded with:

- a. the Communities Pension Scheme of the Institutions of the European Communities; or

b. any other scheme for the provision of retirement benefits established outside the United Kingdom.

112.2 The scheme applies in relation to the member with such modifications as the scheme administrator considers necessary to comply with:

- a. the terms of those arrangements;
- b. any applicable provision contained in or made under any enactment; and
- c. the requirements to be met by a registered pension scheme.

9 Actuarial Valuations and Employer Cost Cap

Appointment of scheme actuary and actuarial valuations

113.1 The scheme manager must appoint an actuary (the 'scheme actuary') to provide a consulting service on actuarial matters relevant to this scheme or a connected scheme.

113.2 The scheme actuary is responsible for:

- a. carrying out valuations of the scheme and any connected scheme; and
- b. preparing a report on such a valuation;
- c. advising the scheme administrator as required.

113.3 Before appointing an actuary as scheme actuary, the scheme manager must be satisfied that the actuary is appropriately qualified to carry out valuations of this scheme and any connected scheme in accordance with Treasury directions under section 11 of the Act (the 'Treasury directions').

113.4 The scheme administrator is responsible for providing the scheme actuary with any data that the scheme actuary requires (in accordance with Treasury directions) in order to carry out a valuation and prepare a report on the valuation.

113.5 A valuation of the scheme and any connected scheme and the preparation of a report on the valuation must be carried out in accordance with the Treasury directions.

113.6 Valuations of the scheme must be carried out within a timeframe which enables requirements in the Treasury directions regarding dates which are applicable to the valuation to be met.

Employer cost cap

114.1 The employer cost cap for this scheme is such a percentage of pensionable earnings of members of this scheme as the scheme manager shall determine with the approval of the Treasury.

114.2 Where the cost of this scheme goes beyond the margin either side of the employer cost cap, as specified in regulations under section 12(5)(a) of the Act, the scheme manager must consult scheme members in order for the scheme manager to determine the steps required to achieve the target cost for this scheme.

114.3 Following such consultation, the scheme manager must determine that an adjustment to this scheme must be made so that the target cost for it is achieved.

114.4 In this paragraph:

- a. 'cost of this scheme' means the cost of this scheme calculated following a valuation in accordance with paragraph (113) (appointment of scheme actuary and actuarial valuations); and
- b. 'target cost for this scheme' means the target cost for this scheme specified in regulations under section 12(5)(b) of the Act.

10 Supplementary

Late payment of retirement index adjustment

115.1 Nothing in these regulations requires any part of a pension attributable to a retirement index adjustment, that is payable in respect of the last active scheme year, to be paid before the end of that year. This means that when a pension first comes into payment part way through a scheme year, it is initially paid at the rate from the previous full scheme year. At the end of the scheme year, once the retirement index adjustment for that year is known, the adjustment is applied retrospectively (see paragraph (26)).

Commutation of small pensions

116.1 This paragraph applies if:

- a. a person's entitlement to a pension under this scheme does not exceed the small pensions commutation maximum;
- b. a dual capacity member's total pension entitlement under this scheme does not exceed the small pensions commutation maximum; or
- c. the total pension entitlement under this scheme of a surviving adult dependant or an eligible child of a dual capacity member does not exceed the small pensions commutation maximum.

116.2 The scheme administrator may pay the person a lump sum of such an amount as the scheme administrator after consultation with the scheme actuary advises represents the capital value of the pension if:

- a. the person consents to receipt of a lump sum in respect of the pension; and
- b. the commutation requirements are met.

116.3 The payment of a lump sum under this paragraph in respect of a pension discharges all liabilities under these Regulations in respect of that pension.

116.4 In this paragraph, the 'small pensions commutation maximum' means the amount that is permitted to be commuted, having regard to all the commutation requirements that apply in the circumstances in question. The 'commutation requirements' means requirements permitting the commutation of small pensions that are imposed by:

- a. regulation 2 of the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy etc.) Regulations 1997¹;
- b. paragraph 7 of Schedule 29 to the FA 2004 (which defines trivial commutation lump sums for the purposes of Part 4 of that Act) and, in relation to a pension payable under Part 6 (death benefits), by paragraph 20 of that Schedule (which defines trivial commutation lump sum death benefit for the purposes of that Part); or

¹ S.I. 1997/785.

- c. regulation 3 of the Pension Sharing (Pension Credit Benefit) Regulations 2000².

Scheme administrator for the purposes of the Finance Act 2004

117.1 The scheme manager is appointed to be responsible for all functions that are functions conferred or imposed on a scheme administrator by or under Part 4 of the FA 2004.

117.2 In this paragraph, 'scheme administrator' has the meaning given in Part 4 of the FA 2004.

Reduction of benefits where lifetime allowance charge payable

118.1 Paragraph (118) applies if:

- a. an event that is a benefit crystallisation event listed in the table in section 216(1) of the FA 2004 ('the table') occurs in relation to a member;
- b. the member and scheme manager are jointly and severally liable in relation to that event.

118.2 If paragraph (118) applies:

- a. the scheme administrator must pay the lifetime allowance charge payable on the event;
- b. if the benefit crystallisation event is a transfer to a qualifying recognised overseas pension scheme, the amount or value of the sums or assets transferred must be reduced; and
- c. in the case of any other benefits crystallisation event, the amount or value of the benefits payable to or in respect of the member must be reduced.

118.3 The amount or value of the reduction must be such that, in the opinion of the scheme administrator, having consulted the scheme actuary, it fully reflects the amount of the lifetime allowance charge so paid and is consistent with normal actuarial practice.

Payment on behalf of members of annual allowance charge paid by scheme manager

119.1 The scheme administrator must provide a member with information about the payment of an annual allowance charge under section 227 of FA 2004 if the member's total pension input amount for that tax year exceeds the amount of the annual allowance for that tax year.

119.2 The member may request the scheme administrator to pay the charge in respect of this scheme on the member's behalf.

² S.I. 2000/1054.

119.3 Such a request must be made by notice in writing in such form, and subject to such conditions, as the scheme administrator requires.

Reduction of benefits where annual allowance charge is paid by scheme manager

120.1 If the scheme administrator pays the annual allowance charge on a member's behalf, the amount or value of the benefits payable to or in respect of the member must be reduced.

120.2 The amount or value of the reduction of benefits must be such that in the opinion of the scheme administrator, having consulted with the scheme actuary, it fully reflects the amount of the charge so paid and is consistent with normal actuarial practice.

Forfeiture of benefits

121.1 The scheme administrator may withhold benefits payable under this scheme in respect of a member to whom paragraph **(132)** (information and evidence) applies to such extent as the scheme administrator considers appropriate. This is subject to paragraphs **(121.3)** and **(121.4)**.

121.2 The scheme administrator may withhold pension benefits payable under Chapter 5 to a person to whom paragraph **(122.2)** applies to such extent as the scheme administrator considers appropriate. If the whole of a person's benefits are so withheld, that chapter applies as if that person had predeceased the member. This is subject to paragraph **(121.4)**.

121.3 If the member has a guaranteed minimum under section 14 of the PSA 1993 in relation to service by reference to which he is entitled to benefits under the scheme, paragraph **(121.1)** only applies to so much of the member's pension as exceeds that guaranteed minimum, unless paragraph **(122.1 a or b)** applies.

121.4 If the case of a pension payable to the surviving spouse of a member, paragraphs **(121.1)** and **(121.2)** are subject to paragraph **(66)** (guaranteed minimum pensions for surviving spouses and civil partners).

121.5 Where paragraph **(122.1 c)** applies:

- a. if the amount of the obligation is in dispute, paragraph **(121.1)** only applies if the obligation has become enforceable:
 - (1) under an order of a competent court; or
 - (2) in consequence of an award of an arbitrator or, in Scotland, an arbiter to be appointed (failing agreement by the parties) by the sheriff;
- b. only benefits to which the member alone is entitled may be withheld; and

c. the benefits withheld must not exceed the amount of the monetary obligation or, if less, the value of the person's entitlement or the accrued right in question (as determined under section 93(2) of the Pensions Act 1995)³.

121.6 This paragraph is without prejudice to:

a. section 2 of the Forfeiture Act 1870⁴ (under which forfeiture is required in cases of treason, subject to whole or partial restoration under section 70(2) of the Criminal Justice Act 1948⁵); or

b. so far as it has effect in relation to benefits under the scheme, section 24 of the Chelsea and Kilmainham Hospitals Act 1826⁶.

Events enabling forfeiture

122.1 This paragraph applies to a member, who is an active member, a deferred member or a pensioner member, if the member:

a. is convicted of treason or of one or more offences under the Official Secrets Acts 1911⁷ to 1989⁸ for which the member has been sentenced on the same occasion:

(1) to a term of imprisonment of at least 10 years; or

(2) to two or more consecutive terms amounting in the aggregate to at least 10 years.

b. is convicted of an offence in connection with the service that qualifies the member to belong to the scheme which the scheme manager considers to have been gravely injurious to the defence, security or other interests of the State; or

c. has after becoming a member of the scheme incurred a monetary obligation to the Crown which:

(1) arises out of a criminal, negligent or fraudulent act or omission by the member; and

(2) arises out of or in connection with his service in the Armed Forces.

122.2 Paragraph (122) applies to a person who is convicted of the murder or manslaughter of the member, or any other offence which involves the unlawful killing of the member.

122.3 In paragraph (122.2), 'unlawful killing' includes unlawfully aiding, abetting, counselling or procuring the death.

³ 1995 c.26.

⁴ 1870 c.23.

⁵ 1948 c.58.

⁶ 1826 c.16.

⁷ 1911 c.28.

⁸ 1989 c.6.

Procedure, references etc

123.1 If the scheme administrator proposes to withhold a person's benefits under paragraph (121), the scheme administrator must notify the person in writing that he proposes to do so.

123.2 Such a notification must give the person information about rights under:

- a. the arrangements established by the scheme administrator for the resolution of disputes relating to the scheme that are in force at the time the notification is given; and
- b. Part 10 of the PSA 1993 (investigations: the Pensions Ombudsman), in respect of any decision made under paragraph (121).

123.3 If the scheme administrator withholds benefits under paragraph (121) in a case where paragraph (122.1 c) applies, the member must be given a certificate showing any amount withheld and the effect of its being withheld on the member's benefits under the scheme.

123.4 The scheme administrator:

- a. may refer the question whether benefits of a person to whom paragraph (121.2) applies should be withheld to the Social Security Commissioner; and
- b. must refer that question if the person to whom that rule applies or an eligible child of the member requests the scheme administrator to do so.

Pension ceases to be payable

124.1 A pension ceases to be payable to a member who re-enters pensionable service within 28 days after the last day of the service in respect of which the pension was payable ('earlier service').

124.2 If paragraph (124.1) applies in relation to a member, the scheme administrator must:

- a. cease to pay the pension; and
- b. recover any pension or lump sum payments made.

124.3 The member becomes a deferred member in respect of the earlier service. The pension then becomes payable when the member reaches Deferred Pension Age.

124.4 The scheme administrator must close the pension member's account and establish a deferred member's account in respect of the earlier service.

124.5 The scheme administrator must credit to the deferred member's account, as the provisional amount for each description of deferred pension, the amount specified in the pension member's account.

124.6 If the member re-enters pensionable service 28 days or more after the pension has become payable, the pension remains in payment. This pension is not subject to abatement.

Re-employment after ill-health awards

125.1 Paragraph (125) applies where:

- a. an ill health pension has been awarded to a member in respect of a continuous period of pensionable service ('earlier service'); and
- b. subsequently, the member re-enters pensionable service ('current service').

125.2 The ill health pension ceases to be payable on the first day of the current service.

125.3 The member becomes a deferred member in respect of the earlier service.

125.4 The scheme administrator must close the pension member's account and establish a deferred member's account in respect of the earlier service.

125.5 The scheme administrator must credit to the deferred member's account, as the provisional amount for each description of deferred pension, the amount specified in the pension member's account less an amount attributable to the enhancement value.

125.6 An active member's account is established for the new period of service and the member must vest again. If the member is subsequently discharged for another medical condition, their subsequent ill-health award will be based purely on the second period of service.

Payment of benefits

126.1 Pensions payable under the scheme are payable by monthly instalments in arrears.

False statements etc about health

127.1 This paragraph applies where:

- a. an ill-health pension has been awarded to a member; and
- b. subsequently it appears to the scheme administrator that the member made a false declaration about their health or deliberately suppressed a material fact that was relevant to the award.

127.2 The scheme administrator may:

- a. cease paying the pension;
- b. withhold the whole or part of the pension; or
- c. recover any payment made under the award.

Non-assignability

128.1 Every benefit to which a person is entitled under this scheme is payable to or for that person's benefit, and may not be paid to a third person.

128.2 No such benefit is assignable or chargeable with the member's or any other person's debts.

128.3 This paragraph is without prejudice to anything that has effect by virtue of any enactment or may be done under or for the purposes of the Chelsea and Kilmainham Hospitals Act 1826.

General prohibition on unauthorised payments

129.1 Nothing in these Regulations requires or authorises the making of any payment, which, if made, would be an unauthorised payment for the purposes of Part 4 of the FA 2004 (see section 160(5) of that Act).

Calculation of periods of membership and service

130.1 For the purposes of this scheme, periods of membership and service are to be expressed in the first instance in whole years, and days, and the initial aggregation of periods that require to be aggregated is done in the first instance by reference to periods so expressed. This is subject to paragraph (130.3).

130.2 If, when all periods of membership or service that are required to be aggregated have been aggregated, there is any excess part day over the number of whole days, that excess is rounded up to a full day. This is subject to paragraph (130.3).

130.3 If membership or service is referred to in these regulations as membership or service in years:

- a. the days referred to in paragraph (130.1); and
- b. the full days referred to in paragraph (130.2) are converted into years by dividing the number of days in excess of the period of whole years by 365 or in the case of a leap year 366, and rounding the result to 4 decimal places.

130.4 If a period of membership or service is less than one year, this paragraph applies as if the words 'whole years, and' were omitted from paragraph (130.1) and the words 'in excess of the period of whole years' were omitted from paragraph (130.3).

Determination of questions

131.1 Except as otherwise provided by these regulations, any question arising under this scheme is to be determined by the scheme manager, whose decision on it is final.

Information and evidence

132.1 The scheme administrator may require any person who is receiving a pension under this scheme to provide evidence to establish:

- a. the person's identity; and
- b. the person's continuing entitlement to payment of any amount.

132.2 If such evidence is not provided, the scheme administrator may withhold the whole or any part of any benefits payable under this scheme in respect of the person.

Provision of benefit information statements to members

133.1 The scheme administrator must provide an annual Benefit Information Statement to each active member of this scheme in accordance with Treasury directions made under section 14 of the Act (information about benefits).

133.2 The annual Benefit Information Statement (BIS) will be issued on an active member's birthday. It will show pension and EDP benefits accrued from current active membership, plus any benefits accrued from any periods of former service that are linked to current service. Deferred pensions that are not linked to current service and pensions in payment are excluded from the Benefit Information Statement. Other items are also excluded from the BIS (such as Added Pension, Pension Sharing Orders, Transfer sums). However, details on these items can still be obtained from DBS upon request using [AFPS Form 12](#).

Section 2: AFPS 15 EDP

1 Introduction

Background

134.1 Early Departure Payments (EDP) are not pensions. They are payments made to those who pass the EDP qualification point (comprising a tax-free lump sum and monthly payments). The payments are made between leaving service and when the member reaches Deferred Pension Age. EDP are intended to act as an incentive to encourage personnel to serve until at least the mid-career point, to enable personnel to resettle, and to provide a degree of compensation for service leavers who start a second career later in life.

Establishment of the Armed Forces Early Departure Payment Scheme

135.1 The Early Departure Payment Scheme provides for:

- a. an EDP lump sum payment on exit from the Armed Forces and monthly EDP payments when membership of the Regular forces ceases, provided the member has achieved at least 20 years pensionable service and has reached the age of 40 (see paragraphs **(141-148)**); or
- b. a Tier 1 lump sum payment when the member has not yet achieved at least 20 years pensionable service and reached the age of 40, but has received a Tier 1 ill-health discharge from the Armed Forces in accordance with paragraphs **(152-155)**; or
- c. a Resettlement Grant, provided that the required length of service has been met (see paragraphs **(149-151)**).

135.2 A member who receives a Tier 1 ill-health discharge after they have achieved at least 20 years pensionable service and reached the age of 40, will be eligible for their standard EDP (lump sum and monthly payments) or a Tier 1 lump sum (not both) as determined by the scheme manager. The policy intent is that the individual should receive the better of the two.

135.3 EDP monthly payments cease when the member's pension comes into payment at Deferred Pension Age (which is the same as the member's State Pension Age), or when an ill-health pension comes into payment. However, when a pension is drawn early from age 55 (in accordance with paragraph **(44)** of the AFPS 15 regulations), EDP payments will continue in payment, alongside the pension, until the member reaches SPA.

Governance

136.1 The provisions of paragraphs **(4)** to **(8)** of the regulations that underpin AFPS 15 are to apply to this scheme and reference in those regulations to 'these Regulations' and 'this scheme' are to be construed accordingly.

General interpretation

137.1 The terminology used throughout this JSP is described in more detail in the 'definitions' annex.

Meaning of 'final pensionable earnings'

138.1 For the purposes of this scheme 'final pensionable earnings', in relation to any person, means the greatest amount that is the person's total pensionable earnings for 365 consecutive days falling within the last 3 years of a person's service.

138.2 Subject to paragraph (138.4), in paragraph (138.1) 'pensionable earnings' in relation to a person in service as a member of the Armed Forces means:

- a. basic pay in the service by virtue of which the person is a member for a person of their rank and seniority; and
- b. any other amount if and to the extent that the scheme manager has determined that it is to be treated as pensionable earnings for this purpose.

138.3 Accordingly, subject to paragraph (138.2 b) 'pensionable earnings' does not include:

- a. any allowances;
- b. any additional amounts payable in respect of particular qualifications or duties, the location of service or the conditions in which service is temporarily performed; or
- c. without prejudice to paragraph (138.3 a and b), any additional amounts payable to medical or dental officers as such.

138.4 'Pensionable earnings' does not include any description of payment that the scheme manager has determined is not to be treated as pensionable earnings, unless it is expressly provided to the person on the basis that it is pensionable earnings.

138.5 If the member was a Regular who was not actually receiving pensionable pay throughout the whole period of 365 consecutive days, then the person's annualised pensionable earnings for the last year of service are used instead. (This provision is intended to cover circumstances such as secondment, unpaid leave and those who have opted out of the pension scheme).

138.6 The person's annualised pensionable earnings in a period of service are the amount given by the formula:

$$PE \times (365 \div N)$$

Where:

PE is the person's pensionable earnings for the period; and

N is the number of days in the period for which pensionable earnings were received.

If the period of the final pensionable earnings includes the 29th February, the figure '366' is to be substituted for '365'.

138.7 Assumed pay is included within any calculation of final pensionable earnings (in accordance with paragraph (138.1)). (See also paragraph (24) of the AFPS 15 regulations.)

138.8 Where a person served on flexible terms during any part of the period of 3 years mentioned in in paragraph (13.1), the person's final pensionable earnings are calculated as though the person had not served on flexible terms for that period.

138.9 The 'service reduction percentage' in respect of a period of flexible service is given by the formula:

$$(A - B) / A$$

Where:

A is the basic pay which the member would have received in respect of that period of flexible service, had the member not been serving on flexible terms; and

B is the basic pay received by the member in respect of that period of flexible service.

A period of flexible service ends and another begins when any change in the service reduction percentage occurs.

Earnings adjustments in determining final pensionable earnings

139.1 For the purposes of determining a person's final pensionable earnings (best 365 consecutive days of pay in the last 3 years), if the calculation uses earnings from before the final year of service, these earnings are adjusted for inflation, in accordance with paragraph (139.2).

139.2 When the persons final pensionable earnings (best 365 consecutive days of pay in the last 3 years) are adjusted for inflation, they are adjusted by the same amount as that by which a pension of the same value would have been increased under the Pensions (Increase) Act 1971.

Meaning of 'qualifying service'

140.1 For the purposes of this scheme 'qualifying service' means the number of calendar days from the first day of paid service to the last day of paid service, but excluding the following periods:

- a. absence without leave;
- b. service detention;
- c. imprisonment;
- d. unpaid leave.

140.2 Periods of qualifying service in the Regular forces that are separated by 5 years or less are to be aggregated for the purposes of this scheme.

140.3 Periods of qualifying service in the Regular forces that are separated by more than 5 years cannot be aggregated for the purposes of this scheme.

140.4 Where a transfer has been received from an occupational pension scheme, time spent within the transferring scheme may not be used as qualifying time for an EDP. However, the value of any transfer received will raise the value of the pension, and hence will raise the value of the EDP.

2 Early Departure Payments

Eligibility for Early Departure Payments

141.1 A person is eligible for Early Departure Payments if the person meets conditions A to E.

141.2 Condition A is that the person is a member of the Regular forces, other than an excluded person.

141.3 Condition B is that the person ceases to be in service as a member of the Regular forces on or after attaining the age of 40 and before attaining Normal Pension Age (age 60).

141.4 Condition C is that the person has completed at least 20 years, continuous or aggregated qualifying service in the Regular forces.

141.5 Condition D is that the person is not entitled to the immediate payment of a:

- a. Tier 3 ill-health pension under paragraph (51) of the regulations that underpin AFPS 15; or
- b. a Tier 2 ill-health pension under paragraph (52) of the regulations that underpin AFPS 15.

141.6 Condition E is that the person is not entitled to a Tier 1 ill-health award which the scheme manager determines should be paid instead of an Early Departure Payment.

141.7 In paragraph (141.2) 'excluded person' means:

- a. any person, the terms of whose service excludes that person from an Early Departure Payment, unless the scheme manager has agreed to treat that person as if their terms of service do not exclude them; and
- b. a person who is not an active member of AFPS 15.

Entitlement to Early Departure Payments

142.1 A person who is eligible to become entitled to payments under this paragraph in accordance with paragraph (141) (eligibility for Early Departure Payments) becomes entitled from the time that the person ceases to be in service as a member of the Regular forces.

142.2 An eligible person is entitled under this paragraph to:

- a. a lump sum payment; and
- b. periodical payments in respect of the period beginning with the day following the cessation of service as a member of the Regular forces and ending with the day before the person's Deferred Pension Age under the AFPS 15.

142.3 The lump sum is payable before the expiry of the period of 3 months beginning with the day on which the person ceases to be a member of the Regular forces.

142.4 The periodical payments are to be made at monthly intervals in arrears.

Amount of Early Departure Payments

143.1 The annual amount of the periodical payments payable to an eligible person is the sum of:

- a. the basic amount; and
- b. the additional service allowance.

143.2 The basic amount is equal to 34% of the provisional annual amount of the person's deferred pension under AFPS 15 at the point of exit. If the member has opted out of the pension scheme, they are treated as if they had been a member of the pension scheme throughout in order to calculate the EDP.

143.3 The additional service allowance is equal to 0.85% of the provisional amount of the person's deferred pension under AFPS 15 for every full year served as a member of the Regular forces beyond the 20-year service and age 40 qualification point. If the member has opted out of the pension scheme, they are treated as if they had been a member of the pension scheme throughout in order to calculate the EDP.

143.4 The amount of the lump sum is the provisional amount of the member's deferred pension under AFPS 15, multiplied by 2.25.

143.5 If a person who would otherwise be an excluded person, but for the Scheme manager deciding otherwise, the scheme manager may decide to reduce the amount of EDP, after consultation with the scheme actuary.

143.6 If a person who has not been a member of AFPS 15 for the whole of their period of qualifying service, the amount of the EDP monthly payments or EDP lump sum to which the person would have been entitled, had the person been such a member for that period, is to be such amount as the scheme manager considers appropriate after consultation with the scheme actuary. This provision is intended to apply to exceptional cases only.

Option to convert the entire lump sum payment into additional monthly payments

144.1 A person may opt to exchange the whole of their EDP lump sum for an increase in the amount of monthly EDP payments.

144.2 Where a person opts to exchange their whole EDP lump sum for increased monthly EDP payments, the monthly payments will be increased by an amount that the scheme manager, having consulted with the scheme actuary, considers to be equivalent in overall value.

144.3 A person must apply to exchange their EDP lump sum for increased monthly EDP payments by writing to the scheme administrator in their final six months of service using [AFPS Pen Form 1](#).

144.4 For the purposes of this paragraph, the option is treated as having been exercised on the date on which it is received by the scheme administrator.

Increases for inflation

145.1 When a person reaches the age of 55, the amount of the person's basic amount and additional service allowance payable under paragraph (143) (amount of early departure payments) is to be adjusted for inflation in respect of each scheme year in accordance with paragraph (145.2).

145.2 When an EDP is adjusted for inflation, it is adjusted by the same amount as that by which a pension of the same value would have been increased under the Pensions (Increase) Act 1971.

Effect on rejoining the Regular forces with an EDP in payment

146.1 This paragraph applies where a person who is receiving payments under paragraph (142) (entitlement to early departure payments) undertakes a period of new service.

146.2 Where a member rejoins within 5 years or less, the member has the following options.

146.3 Within one month of commencing the new period of service the person may elect to:

- a. retain any payments that the person receives in accordance with paragraph (142) relating to a prior period of service under this scheme, in which case:
 - (1) such payments are not to be recalculated on cessation of the new service; and
 - (2) payments are to cease once the person reaches their Deferred Pension Age in respect of the prior service, or would have reached that age if the person had been a member of the AFPS 15; or
- b. end the payment of periodical payments under paragraph (142), relating to the prior period of service, for the duration of the period of new service and:
 - (1) repay in full the amount of any lump sum paid under paragraph (142) relating to the prior period of service; and
 - (2) such repayment is to include interest calculated on a daily basis from the date of cessation of the prior period of service to the date when the repayment is made, at an annual rate determined by the scheme manager having regard to the advice of the scheme actuary.

146.4 Where the member has opted to inversely commute their EDP lump sum, there is no option to repay it, regardless of when the member rejoins. The member will keep the EDP periodical payments and will not accrue any further EDP.

146.5 An election under paragraph (146.3) cannot be altered or revoked.

146.6 On cessation of the period of new service, a person who has chosen to repay their lump sum and cease to receive periodical payments is entitled to:

- a. a lump sum in accordance with paragraph (142); and
- b. periodical payments in accordance with paragraph (142) until such time as the person receives an ill-health pension under AFPS 15, or if the person has reached the Deferred Pension Age for a member of that scheme.
- c. When a pension is drawn early from age 55 (in accordance with paragraph (44) of the AFPS 15 regulations), EDP payments will continue in payment, alongside the pension, until the member reaches Deferred Pension Age.

146.7 Payments under paragraph (146.6) are to be calculated with reference to both the prior service and the new service.

146.8 A person is not entitled to a lump sum or periodical payments under this paragraph where they have previously received a lump sum under paragraph (142) which has not been repaid.

146.9 Where a person rejoins the Regular forces more than 5 years after an immediately prior period of service they are to retain any payments made to them in accordance with paragraph (142). They do not have the option to repay the lump sum or accrue any further EDP.

146.10 Periodical payments referred to in paragraph (146.9) are not to be recalculated in respect of any subsequent period of service and are to cease once the person is in receipt of a pension relating to that prior period of service under AFPS 15 or, if the person is not a member of AFPS 15, has reached the Deferred Pension Age for a member of that scheme.

Effect on joining the Reserve forces

147.1 Where a person in receipt of payments under paragraph (142) (entitlement to early departure payments) enters service with the Reserve forces, that person retains the payments they receive under paragraph (142).

147.2 Payments referred to in paragraph (147.1) are not to be recalculated at the point of cessation of the person's service in the Reserve forces and will cease once the person is in receipt of a pension under AFPS 15 or, if the person is not a member of AFPS 15, has reached the Deferred Pension Age for a member of that scheme.

Effect of emergencies

148.1 This paragraph applies where a person who would be entitled to payment under paragraph (142) (entitlement to early departure payments), if that person had ceased to be in service on the relevant date, does not cease to be in service on that date by reason only of:

- a. circumstances which in the opinion of the scheme manager amount to an emergency; or

- b. that person being a prisoner of war on that date.

148.2 The person is treated for the purposes of paragraphs (141) (eligibility for early departure payments) to (144) (option to convert the entire lump sum payment into additional monthly payments) as having ceased to be in service on the relevant date.

148.3 In this paragraph 'the relevant date' means:

- a. for a person who was to have ceased to be in the Regular forces on the date that the person's commitment ended, that date; or
- b. for a person who agreed to continue in the Regular forces after that person's commitment ended until Normal Pension Age for a member under AFPS 15, the day before the person reached that age; or
- c. for a person not within sub-paragraphs (a) or (b) who was notified that a particular date was to be the last day of that person's service in the Regular forces, that date.

3 Resettlement Grants

Entitlement to a Resettlement Grant

149.1 A person who ceases to be in service as a member of the Regular forces is entitled to an AFPS 15 Resettlement Grant if the person:

- a. has at least 12 years' qualifying service in the Regular forces;
- b. is not entitled to an EDP or an immediate pension under AFPS 15; or

149.2 The member is ineligible for an AFPS 15 Resettlement Grant if they:

- a. have previously received a Resettlement Grant; or
- b. if they are an active member of AFPS 75 or AFPS 05 (but may be eligible for a Resettlement Grant under those schemes).

Amount of Resettlement Grant

150.1 The amount of the Resettlement Grant a person receives is to be determined by the scheme manager. The rate will be published each year in line with the Pay Award and the current value of the Resettlement Grant can be found on the [AF Pensions page](#).

150.2 The Resettlement Grant is payable within 3 months of leaving the Regular forces.

Effect of Resettlement Grant on rejoining the Regular forces or joining the Reserve forces

151.1 This paragraph applies where a person who is in receipt of a Resettlement Grant rejoins the Regular forces, joins or rejoins the Reserve forces.

151.2 Subject to paragraph (151.3) the person is entitled to retain the Resettlement Grant.

151.3 Where the person rejoins the Regular forces or becomes a full-time member of the Reserve forces within 31 days of ceasing to be a member of the Regular forces, the person must repay the Resettlement Grant.

151.4 At the cessation of a period of new service in the Regular forces:

- a. a person who has retained their Resettlement Grant payment in accordance with paragraph (151.2) is not entitled to a further Resettlement Grant;
- b. a person who has repaid their Resettlement Grant payment in accordance with paragraph (151.3) is entitled to a Resettlement Grant payment provided that the person continues to meet the criteria under paragraph (149).

151.5 At the cessation of a period of new service as a full-time member of the Reserve forces, a person who has previously repaid their Resettlement Grant is not entitled to payment of a Resettlement Grant.

4 Lump Sums on Incapacity

Lump sum awards: incapacity for Armed Forces service

152.1 A person who ceases to be in service as a member of the Armed Forces is entitled to immediate payment of a Tier 1 lump sum if:

- a. in the opinion of the scheme manager, the person will continue to be unfit for service as a member of the Armed Forces because of physical or mental impairment; and
- b. the scheme manager has received evidence from a registered medical practitioner that the person is unfit service in the Armed Forces; and
- c. the person has 2 years' qualifying service; and
- d. the person was an active member of AFPS 15; and
- e. the person is not entitled to payments of:
 - (1) an EDP (where the scheme manager determines that an EDP payment should be made instead of a Tier 1 lump sum payment under this paragraph);
 - (2) the immediate payment of a pension; or
 - (3) has opted to exchange their whole pension for a lump sum in accordance with regulation (60) of AFPS 15.

152.2 The following periods do not constitute qualifying service for the purposes of this paragraph:

- a. any pensionable service in respect of which a person's rights under AFPS 15 are extinguished; or
- b. any pensionable service in a connected scheme in respect of which the person's rights under that scheme are extinguished.

Amount of lump sum on incapacity for Armed Forces service

153.1 The amount of the Tier 1 lump sum a person receives is to be determined by multiplying one eighth of the person's final pensionable earnings by their service expressed in years and fractions of a year except where:

- a. the amount calculated is less than one half of the person's final pensionable earnings. In these circumstances the person is to receive an amount equivalent to half the person's final pensionable earnings;
- b. the amount calculated is more than twice the person's final pensionable earnings. In these circumstances the person is to receive an amount equivalent to twice the person's final pensionable earnings.

153.2 For members who have served on flexible terms, when calculating length of service for the purposes of paragraph (153.1), all years and parts of a year during any period of flexible service are reduced by the service reduction percentage applicable to that period of flexible service.

153.3 The Tier 1 lump sum is payable within 3 months of leaving the Armed Forces.

Effect of payment of an Early Departure Payment, relating to previous service, on payment of lump sum on incapacity for Armed Forces service

154.1 Where a person is in receipt of EDP payments and, having rejoined the Armed Forces, subsequently becomes entitled to a Tier 1 ill-health award, that person will continue to receive only their EDP payments unless the scheme manager determines that the person should receive a Tier 1 payment instead.

154.2 If the scheme manager determines that the person is to receive a Tier 1 ill-health award, their EDP payments are to end from the date that the Tier 1 payment is made.

Effect of rejoining the Armed Forces having received a lump sum award for incapacity for Armed Forces service

155.1 Subject to paragraph (155.2), the general rule is that where a person is accepted for re-entry to the Armed Forces, that person is to retain any previous Tier 1 ill-health award.

155.2 However, on rejoining the Regular forces, the person must repay any unexpired part of the lump sum.

155.3 In paragraph (155.2) 'unexpired part' is to be determined by applying the following formula:

$$(1 - (A \div B)) \times \text{lump sum received}$$

Where:

A is the period in years and complete months since the person ceased to be in Regular service; and

B is the amount of lump sum awarded, multiplied by 8, and then divided by the person's final pensionable earnings (as used to calculate the lump sum award).

155.4 If a person who has previously been awarded a Tier 1 lump sum rejoins, and if that person is subsequently awarded another Tier 1 award during their second period of service, only their second period of service is used when calculating their second Tier 1 award.

Annex A – Definitions Used Throughout JSP 905 Part 1

The Act means the Public Service Pensions Act 2013.

EDP 2015 means the Armed Forces Early Departure Payment Scheme Regulations 2015 (2014/2328).

FA 2004 means the Finance Act 2004 (2004 c. 12).

PIA 1971 means the Pensions (Increase) Act 1971 (1971 c. 56).

PSA 1993 means the Pension Schemes Act 1993 (1993 c. 48).

WRPA 1999 means the Welfare Reform and Pension Act 1999 (1999 c. 30).

Abatement means the reduction that is applied to a pension that has already come into payment upon rejoining the Armed Forces.

Accrual rate, in relation to a member's pensionable earnings, means 1/47th.

Accrued Added Pension means:

- a. accrued Added Pension (member); or
- b. accrued Added Pension (member and dependants).

Accrued Added Pension (member) has the meaning given in paragraph (25) (calculation of amount of accrued pension for the purposes of AFPS 15 Chapters 4 and 5).

Accrued Added Pension (member and dependants) has the meaning given in paragraph (25) (calculation of amount of accrued pension for the purposes of AFPS 15 Chapters 4 and 5).

Accrued club transfer earned pension has the meaning given in paragraph (25) (calculation of amount of accrued pension for the purposes of AFPS 15 Chapters 4 and 5).

Accrued earned pension has the meaning given in paragraph (25) (calculation of amount of accrued pension for the purposes of AFPS 15 Chapters 4 and 5).

Accrued pension has the meaning given in paragraph (25) (calculation of amount of accrued pension for the purposes of AFPS 15 Chapters 4 and 5).

Active member has the meaning given in section 124(1) of the Pensions Act 1995 and refers to membership of this scheme (1995 c. 26).

Active member's account has the meaning given in paragraph (29) (establishment of an active member's account).

Actuarial means determined by the scheme manager after consultation with the scheme actuary.

Added Pension (member and dependants), in relation to a scheme year, means an amount calculated in accordance with paragraph (32) (account to specify amount of pension for a scheme year).

Added Pension means the enhanced pension benefits that a member can purchase when they opt to make tax deductible payments (either a lump sum or monthly payments) into the scheme to enhance their pension benefits. There are 2 types of Added Pension:

- a. Added Pension (member and dependants); this raises the benefits payable to the member, and to their dependants upon the members death; and
- b. Added Pension (member); this raises the benefits payable to the member once the pension comes into payment.

Added Pension is always indexed annually using CPI, whether in service, in deferment or in payment.

Added Pension (member), in relation to a scheme year, means an amount calculated in accordance with paragraph (32) (account to specify amount of pension for a scheme year).

Additional paternity leave means leave which, in the opinion of the scheme manager, corresponds to additional paternity leave within the meaning given in regulation 2(1) of the Additional Paternity Leave Regulations 2010 (S.I. 2010/1055).

AFPS 15 means the Armed Forces Pension Scheme established under paragraph (2) of the Armed Forces Pension Regulations 2015.

AFPS 05 means the Armed Forces Pension Scheme 2005 established by paragraph (2) of the Armed Forces Pension Scheme Order 2005.

AFPS 75 means the Armed Forces Pension Scheme 1975 set out in:

- a. Orders in Council made under section 3 of the Naval and Marine Pay and Pensions Act 1865 (28 and 29 Vict. c.73);
- b. The Army Pensions Warrant 1977; and
- c. Orders and regulations made under section 2 of the Air Force (Constitution) Act 1917 (7 and 8 Geo 5 c.51).

Allocation amount in relation to a pension means the amount of the pension allocated as a result of the exercise of an allocation election.

Allocation election means an election under paragraph (61) (election to allocate pension).

Amount of credited pension has the meaning given in paragraph (41) (establishment of a pension credit member's account).

Assumed pay has the meaning given in paragraph (24) (meaning of assumed pay).

Beginning date means the date of which the pension is treated as beginning for the purpose of section 8(2) or 8(2A) of the PIA 1971.

Benefits Crystallisation Event means whenever a benefit such as a pension comes into payment.

Cash transfer sum has the meaning given in section 101AB of the PSA 1993.

Club scheme means a registered occupational pension scheme that has agreed to make and receive club transfer value payments under the club transfer arrangements.

Club transfer means a transfer to or from this scheme under the club transfer arrangements.

Club transfer arrangements means arrangements approved by the scheme manager as providing reciprocal arrangements between this scheme, any connected scheme and other registered occupational pension schemes for making and receiving club transfer value payments.

Club transfer earned pension means pension attributable to receipt of a club transfer value payment.

Club transfer value payment means payment of a club transfer value.

Club transfer value, in relation to an amount of accrued earned pension under this scheme or under another club scheme, means an amount calculated by the scheme manager:

- a. in accordance with the club transfer arrangements; and
- b. by reference to the guidance and tables provided by the Government Actuary for this purpose that are in use on the date used for the calculation.

Connected scheme means another statutory pension scheme that is connected with this scheme within the meaning of section 4(6) of the Act.

Commanding officer is to be read in accordance with section 360 of the Armed Forces Act 2006 (2006 c. 52).

Commutation amount in relation to a pension means the amount of the pension exchanged for a lump sum as a result of the exercise of the option under paragraph (59) (general option to exchange part of pension for lump sum) to commute an amount of pension to a lump sum.

Continuous period of pensionable service has the meaning given in paragraph (21) ('pensionable service').

Deferred Added Pension means:

- a. deferred Added Pension (member); or

- b. deferred Added Pension (member and dependants).

Deferred Added Pension (member) means an amount calculated in accordance with paragraph (35) (account to specify provisional amount of deferred pension).

Deferred Added Pension (member and dependants) means an amount calculated in accordance with paragraph (35) (account to specify provisional amount of deferred pension).

Deferred club transfer earned pension means an amount calculated in accordance with paragraph (35) (account to specify provisional amount of deferred pension).

Deferred earned pension means an amount calculated in accordance with paragraph (35) (account to specify provisional amount of deferred pension).

Deferred member has the meaning given in section 124(1) of the Pensions Act 1995 (1995 c. 26) and refers to membership of this scheme.

Deferred member's account has the meaning given in paragraph (34) (establishment of a deferred member's account).

Deferred Pension Age in relation to this scheme is determined in accordance with section 10 of the Act.

Dual capacity member means a member who falls within paragraph (14) (dual capacity membership).

Early payment reduction means the actuarial reduction that is applied when calculating the annual rate of pension payable to a member of this scheme who has not reached their Normal Pension Age and applies to receive their pension before their Deferred Pension Age.

Earned pension means the amount of earned pension calculated in accordance with paragraph (32) (account to specify amount of pension for a scheme year) by applying the accrual rate to the member's pensionable earnings for that year.

Earnings adjustments in determining final pensionable earnings has the meaning given in paragraph (77) (earnings adjustments in determining final pensionable earnings).

Eligible child has the meaning given in paragraph (73) (meaning of 'eligible child').

Employment includes an office or appointment, and related expressions are to be read accordingly.

Final pensionable earnings has subtly different meanings in AFPS 15 and EDP 15. The meaning given in AFPS 15 paragraph (76) should be used in respect of AFPS 15, and the meaning given in EDP 15 paragraph (138) should be used in respect of EDP 15.

Flexible service means one or both of the following types of service:

- a. part-time service;

- b. restricted separation service.

Full protection in relation to a person, means a person who remains an active member of a connected scheme by virtue of provisions being made under section 18(5) of the Act. Full Protection is often also referred to as **Transitional Protection**.

Guarantee date has the meaning given in paragraph (98) (Interpretation).

Guaranteed minimum means the guaranteed minimum as defined in sections 14 and 17 of the PSA 1993 (minimum pension for earners, widows and widowers):

- a. as increased in accordance with the requirements of section 109 of that Act (annual increase of minimum pensions); and
- b. if a reduction has been made under section 15A of that Act (reduction of guaranteed minimum in consequence of pension debit), as reduced in accordance with that section.

Ill-health pension means an ill health pension payable under paragraphs (51), (52) or (56) (entitlement to ill-health pension: active member with permanent serious ill-health, entitlement to ill-health pension: active member with significant impairment of capacity for gainful employment and entitlement to ill-health pension: deferred member with permanent serious ill-health).

Index adjustment, in relation to an opening balance, means:

- a. for any scheme year (other than the opening balance of club transfer earned pension) the percentage increase or decrease for prices or earnings as the scheme manager, after consulting the scheme actuary, may determine to be applicable for any description of pension specified in a Treasury order under section 9(2) of the Act in relation to the previous scheme year; and
- b. in relation to the opening balance of club transfer earned pension for any scheme year, means the adjustment that would apply to the opening balance of that amount of earned pension under the sending scheme for the previous scheme year.

In-service late payment supplement has the meaning given in paragraph (39) (determination of 'in-service late payment supplement').

Last active scheme year means the scheme year in which an active member ceases to be in pensionable service.

Last day of pensionable service, in relation to a member, means the last day of the service in respect of which the member's pensionable earnings are payable.

Late payment supplement means an additional amount of pension that the scheme manager determines to be appropriate, after consulting the scheme actuary, because:

- a. an active member leaves service at or after Normal Pension Age but delays receipt of their pension; or

- b. a deferred member or a pension credit member delays receipt of their pension beyond their Deferred Pension Age.

Leaving year has the meaning given in paragraph (26) (calculation of ‘retirement index adjustment’).

Member, in relation to this scheme, means an active member, deferred member, pensioner member or pension credit member.

Non-Regular Permanent Staff means permanent staff of the Reserve forces within the meaning of section 6 of the Reserve Forces Act 1996.

Normal Pension Age, in relation to this scheme, is determined in accordance with section 10 of the Act.

Occupational pension scheme has the meaning given in section 1 of the PSA 1993.

Opening balance, in relation to a description of pension for a scheme year, has the meaning given in paragraph (33) (account to specify opening balance and index adjustment).

Ordinary adoption leave means leave which, in the opinion of the scheme manager, corresponds to ordinary adoption leave within the meaning given in regulation 2(1) of the Paternity and Adoption Leave Regulations 2002 (S.I. 2002/2788).

Ordinary maternity leave means leave which, in the opinion of the scheme manager, corresponds to ordinary maternity leave within the meaning of the Maternity and Parental Leave etc. Regulations 1999 (S.I. 1999/3312).

Ordinary paternity leave means leave which, in the opinion of the scheme manager, corresponds to paternity leave within the meaning of the Paternity and Adoption Leave Regulations 2002.

Part-time service means:

- a. for enlisted members, a period of service where the member is serving in accordance with an arrangement provided for in regulations made under section 329(2)(ha) of the Armed Forces Act 2006;
- b. for members who are officers, a period of service on equivalent terms of service.

Pay period means a period in respect of which a member’s pensionable earnings are payable.

Pension credit has the meaning given in section 124(1) of the Pensions Act 1995.

Pension credit member, in relation to this scheme, means a person who has rights under this scheme which are attributable, directly or indirectly, to a pension credit under a pension sharing order following dissolution of marriage or civil partnership.

Pension credit member's account has the meaning given in paragraph (41) (establishment of a pension credit member's account).

Pension credit member's pension means a pension payable under paragraph (47) (pension credit member's pension).

Pension credit rights has the meaning given in section 124(1) of the Pension Act 1995.

Pension debit means a debit under section 29(1)(a) of the WRPA 1999.

Pension debit member means a person who is a member of this scheme whose benefits or future benefits under this scheme have been reduced under section 31 of the WRPA 1999.

Pensionable earnings has the meaning given in paragraph (23) (pensionable earnings).

Pensionable public service means pensionable service under:

- a. another public service scheme; or
- b. a new public body pension scheme.

Pensionable service, in relation to this scheme, has the meaning given in paragraph (21) (pensionable service).

Pensioner member has the meaning given in section 124(1) of the Pensions Act 1995 and refers to membership of this scheme.

Pensioner member's account has the meaning given in paragraph (38) (establishment of a pensioner member's account).

Pension sharing order means any provision or order specified in section 28 of the WRPA 1999.

Pensions board has the meaning given in paragraph (5) (establishment of pensions board).

Period of earlier service means a previous continuous period of pensionable service under this scheme.

Person's first day, in relation to any scheme employment, has the meaning given in paragraph (16.3) (eligibility for active membership).

Personal pension scheme means a personal pension scheme within the meaning of section 1 of the PSA 1993 which is registered under Chapter 2 of Part 4 of the FA 2004 (registration of pension schemes).

Provisional amount, in relation to a description of deferred pension, has the meaning given in paragraph (35) (account to specify provisional amount of deferred pension).

Public service scheme means a scheme under section 1 of the Act.

Qualifying service for AFPS 15 has the meaning given by paragraph (22) (qualifying service).

Qualifying service for EDP 15 has the meaning given in EDP 15 paragraph (7).

Regular forces has the same meaning as in the Armed Forces Act 2006 (2006 c.52) (see section 374 of that Act). For the purposes of EDP, it does not include those who are recalled for permanent Regular service under Part 7 of the Reserve Forces Act 1996.

Reserve forces has the same meaning as in the Reserve Forces Act 1996 (1996 c.14) (see section 1(2) of that Act).

Retirement Added Pension (member) means an amount calculated in accordance with paragraph (40) (account to specify amount of retirement pension).

Retirement Added Pension (member and dependants) means an amount calculated in accordance with paragraph (40) (account to specify amount of retirement pension).

Retirement Added Pension means:

- a. retirement Added Pension (member), and
- b. retirement Added Pension (member and dependants).

Retirement benefits means retirement benefits payable under AFPS 15 Chapter 5 (Retirement benefits).

Retirement club transfer earned pension means an amount calculated in accordance with paragraph (40) (account to specify amount of retirement pension).

Retirement earned pension means an amount calculated in accordance with paragraph (40) (account to specify amount of retirement pension).

Retirement index adjustment, in relation to an amount of accrued pension, has the meaning given in paragraph (26) (calculation of 'retirement index adjustment').

Retirement pension means:

- a. a retirement earned pension;
- b. a retirement added pension; and
- c. a retirement club transfer earned pension.

Restricted separation service means:

- a. for enlisted members, a period of service where the member is serving in accordance with an arrangement which does not restrict the member's service in a particular area, but does make it subject to other geographic restrictions provided for in regulations made under section 329(2)(i) of the Armed Forces Act 2006;

- b. for members who are officers, a period of service on equivalent terms of service.

This scheme means the scheme established by these Regulations.

Scheme actuary has the meaning given in paragraph (113) (appointment of scheme actuary and actuarial valuations).

Scheme administrator except under paragraph (117) (scheme administrator for the purpose of the FA 2004), in relation to a member or a function, means the person responsible for the day to day administration of the scheme in relation to the member or in respect of the function.

Scheme advisory board has the meaning given in paragraph (9) (establishment of scheme advisory board).

Scheme employment has the meaning given in paragraph (13) (description of persons in scheme employment).

Scheme manager has the meaning given in paragraph (4) (scheme manager).

Scheme medical adviser means the medical adviser appointed by the scheme manager for the time being to provide a consulting service on medical matters relevant to this scheme.

Scheme year means a period of one year beginning with 1st April and ending 31st March.

Service detention has the same meaning as in the Armed Forces Act 2006 (see section 374 of that Act).

Sending scheme means a club scheme which pays a club transfer value.

Service reduction percentage has the meaning given in regulation 23A.

Shared parental leave means leave under section 75E or 75G of the Employment Rights Act 1996 (or Articles 107E or 107G of the Employment Rights (Northern Ireland) Order 1996).

Statutory maternity pay means statutory maternity pay with the meaning of the Social Security Contributions and Benefits Act 1992.

Transfer payment means a transfer value payment or a club transfer value payment.

Transfer value has the meaning given in AFPS 15 Chapter 8 (Transfers).

Transfer value payment has the meaning given in paragraph (98) (Interpretation).

Transferred pension means pension attributable to receipt of a transfer value payment calculated in accordance with paragraph (32.5) (account to specify amount of pension for a scheme year).

Transition member means a person:

- a. who is a member of a connected scheme by virtue of pensionable service under the connected scheme before 1st April 2015; and
- b. who is also a member of this scheme by virtue of pensionable service under this scheme.

Treasury directions has the meaning given in paragraph (113) (appointment of scheme actuary and actuarial valuation).

Vesting means the period of service that enables a member to qualify for pension benefits (a member does not need to vest in order for a lump sum to be payable following death in service). The vesting period is 2 calendar years, but the following exceptions apply:

- a. periods of unauthorised absence, unpaid leave (where the member is not treated as receiving assumed pay), detention, imprisonment and periods when opted out of the scheme do not count towards vesting.
- b. prior periods of service in legacy schemes may be used to qualify for vesting in AFPS 15 providing no gap in service is greater than 5 years, and providing the individual had also vested in their legacy pension scheme.
- c. for a transfer from an occupational pension scheme into AFPS 15, all time served within that occupational pension scheme will count towards the 2 calendar years vesting requirement.
- d. for a transfer from a non-occupational pension into AFPS 15, the member will vest into AFPS 15 automatically from the date the transfer is accepted.

Weekly rate, in relation to a guaranteed minimum pension, has the same meaning as in regulation 55(1) of the Occupational Pension Schemes (Contracting-out) Regulations 1996 (S.I. 1996/1172).

In these Regulations:

Each description of deferred pension means:

- a. deferred earned pension;
- b. deferred club transfer earned pension;
- c. deferred Added Pension (member and dependants);
- d. deferred Added Pension (member).

Each description of pension means:

- a. an earned pension;
- b. a club transfer earned pension;

- c. an Added Pension (member and dependants);
- d. an Added Pension (member);
- e. a transferred pension.

Relevant accrued pension means:

- a. for an earned pension or transferred pension, the accrued earned pension;
- b. for a club transfer earned pension, the accrued club transfer earned pension;
- c. for an Added Pension (member and dependants), the accrued Added Pension (member and dependants); and
- d. for an Added Pension (member), the accrued Added Pension (member).

Relevant deferred pension means:

- a. for an earned pension or transferred pension, the deferred earned pension;
- b. for a club transfer earned pension, the deferred club transfer earned pension;
- c. for an Added Pension (member and dependants), the deferred Added Pension (member and dependants); and
- d. for an Added Pension (member), the deferred Added Pension (member).

Relevant retirement pension means:

- a. for an earned pension or transferred pension, the retirement earned pension;
- b. for a club transfer earned pension, the retirement club transfer earned pension;
- c. for an Added Pension (member and dependants), the retirement Added Pension (member and dependants); and
- d. for an Added Pension (member), the retirement Added Pension (member).