



Ministry
of Defence

Defence Business Services

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Ref: FOI2023/05658

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Dear [REDACTED]

Thank you for your email of 4 May 2023 to the Ministry of Defence (MOD), seeking information about the Armed Forces Pension Scheme (AFPS).

You requested the following information:

"My understanding is that to receive a pension under the Armed Forces Pension scheme, scheme members must have two years of qualifying service – i.e. have worked for the armed forces at least two years.

If they have not, they are offered the opportunity to transfer their pension to another pension scheme or receive employer contributions back as a lump sum, subject to taxation (thus receiving less money).

- 1) In each of the past five tax years (or an alternative suitable time frame), can you tell me the number of staff that left the scheme without having reached the minimum qualifying criteria. If possible, can this be broken down by job type.*
- 2) In each year, how many opted for the transfer option, and how many took the employer contributions back as cash? If there are other options, how many opted for these?*
- 3) How do you contact scheme members to let them know of their options, and what is the policy when a scheme member does not respond?*
- 4) In each year, how many scheme members did not respond when given these options, and how much money was sitting in their pension pots?*
- 5) What happens to the money in these cases?"*

I am treating your correspondence as a request for information under the Freedom of Information Act 2000 (FOIA).

A search for the information has now been completed within the MOD and I can confirm no information in scope of your request is held.

1. AFPS and the military discharge process are two separate processes, and therefore is not comparable to determine how many staff do not reach the minimum qualifying criteria.
2. AFPS are non-contributory, therefore, there are no contributions to claim back.

3 - 4. Pension members are not contacted directly. Full information and guidance on the schemes can be found on the gov.uk website at the following link:

www.gov.uk/guidance/pensions-and-compensation-for-veterans

5. Any unclaimed pensions remain in the Treasury as AFPS is taken from the Consolidated Fund.

Under Section 16 (Advice and Assistance) you may wish to be aware that AFPS are unfunded, defined benefit, salary-related, contracted-out occupational pension schemes and are non-contributory for members, meaning that the members do not make any contributions.

It may be helpful if I explain that Prior to April 1975 there were no rights to preserved pensions under the Armed Forces Pension Scheme (AFPS). Immediate pensions were awarded only if a member had completed 16 years reckonable service as an officer or 22 years' service in other ranks.

This changed following the Social Security Act 1973 and the Social Security Pensions Act 1975, when Preserved Pensions (normally payable at age 60) were introduced on 6 April 1975. To qualify, personnel had to complete at least five years reckonable service from the age of 18 and have attained the age of 26. The age ruling was removed in April 1978 and the qualifying period reduced to two years in 1988.

Members are treated under the rules extant at the time of their discharge from service. Although these rules have changed over the years, if the requisite service was not completed, then there are subsequently no pension benefits and therefore no pension to transfer or employee contributions to refund.

Because legacy pension issues cannot be looked at in isolation, successive Governments have maintained the principle that changes or improvements to public service pension schemes should not be applied retrospectively. Addressing one issue would increase the pressure to address legacy issues in all public sector pension schemes and this would have huge financial implications.

If you have any queries regarding the content of this letter, please contact this office in the first instance.

If you wish to complain about the handling of your request, or the content of this response, you can request an independent internal review by contacting the Information Rights Compliance team, Ground Floor, MOD Main Building, Whitehall, SW1A 2HB (e-mail CIO-FOI-IR@mod.gov.uk). Please note that any request for an internal review should be made within 40 working days of the date of this response.

If you remain dissatisfied following an internal review, you may raise your complaint directly to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not normally investigate your case until the MOD internal review process has been completed. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website at <https://ico.org.uk/>.

Yours sincerely

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