



# Differences between the Armed Forces Pension Schemes (AFPS) and the Gurkha Pension Scheme (GPS)

This document provides you with a comparison of the Gurkha Pension Scheme (GPS) with the two AFPS schemes available to retired Gurkha military service personnel: AFPS 75 and AFPS 05.

The column on the left lists important key considerations, and the columns on the right show you how they are addressed by each scheme.

	Pension Scheme		
	GPS	AFPS 75	AFPS 05
If you leave before reaching immediate pension point	<ul style="list-style-type: none"> <li>No pension before 15 years' service but various lump sums paid.</li> <li>No preserved pension.</li> </ul>	<ul style="list-style-type: none"> <li>Preserved pension based on representative pay after at least 2 years' service.</li> <li>Pension and tax-free lump sum paid from age 60 for service to 5 April 2006 and from age 65 for service from 6 April 2006.</li> </ul>	<ul style="list-style-type: none"> <li>Preserved pension based on pensionable pay after at least 2 years' service.</li> <li>Early Departure Payment (EDP) only after 18 years' service and from age 40.</li> <li>Pension and tax-free lump sum paid from age 65.</li> </ul>

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	Pension Scheme		
	GPS	AFPS 75	AFPS 05
<b>If you qualify for an immediate pension</b>	<ul style="list-style-type: none"> <li>• Paid after minimum 15 years' service from age 18 – that is age 33 at the earliest.</li> <li>• Tax-free retirement gratuity and resettlement grant also paid on discharge, with sums paid varying by rank and length of service.</li> <li>• Pension increases are applied annually as of 1 April, calculated through a process known as index-linking with the inflation figure from the Nepal Rastra Bank.</li> <li>• Pension is based on representative rates of pay for each rank using Indian army pay rates. Hence, the rates are expressed in Indian Currency Rupee (ICR) and then exchanged into Nepalese Currency Rupee (NCR) when pension is paid in Nepal. Local currency is used when the pension is paid in Brunei, Hong Kong or the UK.</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate pension after 16 years' service from age 21 for officers and 22 years' service from age 18 for other ranks.</li> <li>• Tax-free lump sum of three times annual pension paid on discharge.</li> <li>• Pension remains the same from the date you leave until age 55. After that, it increases every year by the annual UK inflation rate.</li> </ul>	<ul style="list-style-type: none"> <li>• There is no immediate pension. Instead, there is a lower value Early Departure Payments scheme for all ranks leaving service after age 40 but before age 55, and with a minimum of 18 years' service.</li> <li>• Pension is preserved until age 65 for those who leave before age 55.</li> <li>• EDP is increased from age 55 to 75% of the preserved pension and is index-linked from the last day of service.</li> <li>• The full preserved pension and a second tax-free lump sum, representing 3 times the annual pension, paid at age 65. The pension is increased every year by the annual UK inflation rate.</li> </ul>
<b>Resettlement grant</b>	<ul style="list-style-type: none"> <li>• Paid to all after minimum 4 years' service.</li> <li>• Sums paid vary by rank and length of service.</li> </ul>	<ul style="list-style-type: none"> <li>• Resettlement grant not paid with pension.</li> <li>• Resettlement grant paid after 9 years' service for officers and 12 years' service for other ranks.</li> </ul>	<ul style="list-style-type: none"> <li>• Resettlement grant not paid with pension.</li> <li>• Resettlement grant paid after 12 years' service for all ranks.</li> </ul>
<b>Pension commutation</b>	<ul style="list-style-type: none"> <li>• QGOs can commute up to 43% and other ranks up to 45% of pension for service up to 5 April 2006 and 10% of pension for service from 6 April 2006.</li> <li>• Commutation lasts for up to 15 years when the full value of the original pension is restored.</li> </ul>	<ul style="list-style-type: none"> <li>• Resettlement commutation at IP point, giving a larger lump sum and reduced IP, which is restored at age 55.</li> <li>• Life commutation possible for eligible members for service up to 5 April 2080.</li> </ul>	<ul style="list-style-type: none"> <li>• No resettlement commutation available but there is the option of inverse commutation (reducing the tax-free pension lump sum to increase taxable pension).</li> </ul>