Government Actuary's Department

Armed Forces Pension Scheme

2024 Actuarial Valuation

Overview

15 July 2026

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Navigating risk | Cutting through complexity

Contents

Introduction

This Overview report describes the purpose of the actuarial valuation of the Armed Forces Pension Scheme (AFPS) (the Scheme) as at 31 March 2024 and the process followed in arriving at the key outputs. It was prepared by Fiona Dunsire, Government Actuary, FIA C.Act and Joanne Rigby FIA C.Act, and published on 15 July 2026.

The 2024 valuation reporting is addressed to, and was commissioned by the Secretary of State for Defence, who is the responsible authority for the Armed Forces Pension Scheme (AFPS) (the Scheme).

As the responsible authority, the Secretary of State for Defence is responsible for setting the employer contribution rate and for consulting on any changes required to the Scheme as a result of the cost control mechanism.

Important

This report is a subset of the valuation reporting provided for the Scheme. The other reports are Approach, Data, Assumptions, Results and Climate Risk. The full set of valuation reporting information can be found in the Summary report.

Purpose of the valuation

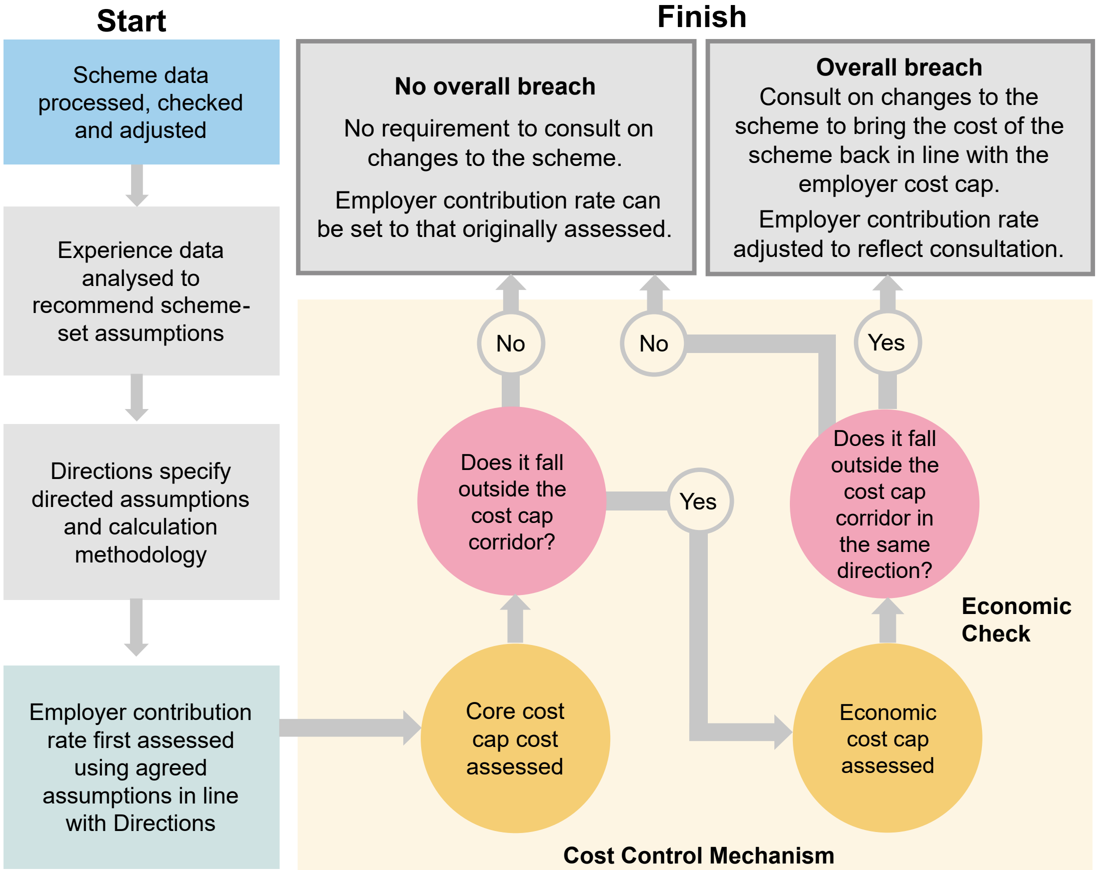
The key outputs of the valuation are the employer contribution rate and the results of the cost control mechanism.

The valuation has been prepared in accordance with the:

- Benefits as set out in the scheme regulations;
- Instructions as described in The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 as amended by The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions 2026;
- Approach as set out in the Approach report;
- Data as set out in the Data report; and
- Assumptions as decided by the responsible authority and set out in the Assumptions report.

Valuation process

The following diagram illustrates the steps of the valuation process.



The valuation process begins with the receipt of scheme data, followed by assumption setting and the assessment of the employer contribution rate.

The cost control mechanism is then assessed.

- If there has been an overall breach, then the Secretary of State for Defence needs to consult on changes to the Scheme to rectify this. The originally assessed employer contribution rate would then need to be updated to reflect the impact of any benefit or contribution changes.
- If there has not been an overall breach, then no consultation is required on subsequent changes to the Scheme.

An overall breach of the cost control mechanism occurs only if both the core cost cap cost and economic cost cap cost of the Scheme lie outside the cost control corridor and in the same direction.

Summary of scheme benefits

The benefits provided to members of the reformed scheme and legacy schemes are set out in Scheme regulations.

The main provisions are summarised below. The Directions require the Scheme to be considered in aggregate for the purposes of the valuation.

	The Armed Forces Pension Scheme 1975	The Armed Forces Pension Scheme 2005	The Armed Forces Pension Scheme 2015
Type	Defined benefit	Final salary	Career average with revaluation linked to Average Weekly Earnings (AWE)
Contracted out/in prior to 2016	Contracted out		
Normal Pension Age	From active status: After 16 years' service (for Officers) and 22 years' service (for Other Ranks) From deferred status: 60 for benefits accrued before 6 April 2006 and 65 for benefits accrued on or after 6 April 2006	From active status: 55 From deferred status: 65	From active status: 60 From deferred status: State Pension Age
Pension Accrual Rate	48.5% of FPP after 34 years' reckonable service as an Officer or 37 years' reckonable service as an Other Rank. Accrual non-uniform, higher rate before immediate pension eligibility	1/70	The sum of each year's Annual Earned Pension (AEP) revalued with the appropriate Index Adjustments (IAs) to date of exit. As based on HMT orders reflecting Average Weekly Earnings.
Retirement Lump Sum	3 x pension		Cash by commulation only at £12:1 p.a.

	The Armed Forces Pension Scheme 1975	The Armed Forces Pension Scheme 2005	The Armed Forces Pension Scheme 2015
Final Pensionable Pay	No averaging. Representative Pay or actual pay over final year prior to exit/retirement	Highest amount of pensionable pay for 365 consecutive days within the final 3 years of reckonable service with earlier tax years brought up to current value by application of the current appropriate indexation	
Dependant Benefits	50% of member pension (plus lump sum on death in some circumstances) Partner definition excludes unmarried partners	62.5% of member pension after commutation (plus lump sum on death in some circumstances). Partner definition includes eligible unmarried partners	
Ill health pension	Invaliding Pension, based on length of service and may be enhanced if member has at least 5 years' reckonable service Incapacity benefit = 3 x member's invaliding pension	Tier 1 = Either EDP benefits payable OR a lump sum payable of 1/8 x FPP x Reckonable Service (minimum of ½ FPP and max of 2 x FPP) plus normal preserved pension and lump sum benefits payable at age 65 Tier 2 = Benefits as on age retirement but with a service enhancement of: 1/3 of the time remaining up to the normal retirement age of 55 Tier 3 = Benefits as on age retirement but with a service enhancement of: 1/2 of the time remaining up to the normal retirement age of 55, with a minimum pension based on 20 years service.	Tier 1 = Either EDP benefits payable OR a lump sum payable of 1/8 x FPP x Reckonable Service (minimum of ½ x FPP and a maximum of 2 x FPP) plus normal preserved pension payable at State Pension Age Tier 2 = Benefits as on age retirement but with an enhancement equivalent to one-third of the time remaining up to the normal pension age of 60 Tier 3 = Benefits as on age retirement but with a service enhancement equivalent to half the time remaining up to the normal pension age of 60, with a minimum pension equivalent to 25 years' service (or based on pensionable service plus prospective service to normal pension age if lower).

	The Armed Forces Pension Scheme 1975	The Armed Forces Pension Scheme 2005	The Armed Forces Pension Scheme 2015
Early retirement	Less than 2 years' reckonable service = No preserved pension, but can take transfer value equal to the value of the notional accrued pension 2 or more years' reckonable service = Early retirement available to Officers who have completed 16 years from age 21 or Other Ranks who have completed 22 years from age 18. Pension awarded of at least 28.5% of FPP for Officers and 31.833% of FPP for Other Ranks. Preserved benefits paid from deferred retirement age calculated as 3% of full career pension (i.e. 3% of 48.5%) for each year of service for Officers and 2.75% for Other Ranks.	Less than 2 years' reckonable service = No preserved pension, but can take transfer value equal to the value of the notional accrued pension 2 or more years' reckonable service = A normal preserved pension and lump sum as for Age Retirement benefits will be payable from age 65. In addition, Early Departure Payments (EDP) may be payable up to age 65 if the eligibility criteria is met (at least age 40 with 18 years' service). Amount is 50% of preserved pension, plus 1.66% for each year served past EDP qualification point. Amount steps up to 75% of preserved pension at age 55. EDP lump sum of 3 x preserved pension.	Less than 2 years' reckonable service = No preserved pension, but can take transfer value equal to the value of the notional accrued pension 2 or more years' reckonable service = Preserved benefits as for Age Retirement benefits will be payable from State Pension Age. In addition, EDP may be payable up to SPA if eligibility criteria is met (at least age 40 with 20 years' service). Amount is 34% of preserved pension, plus 0.85% for each year served past EDP qualification point. EDP lump sum of 2.25 times preserved pension.
Pension increases	In payment – Index linked increases after age 55 based on the Pension Increase Order Act In deferment – Index linked increases based on the Pension Increase Order Act		
Member contributions	Non-contributory		

Compliance and limitations

Purpose

GAD has been appointed as scheme actuary of the Armed Forces Pension Scheme as at 31 March 2024 (the effective date), as required by the Scheme's regulations.

The results of the employer contribution rate valuation and the cost control mechanism have been prepared for the use of the Secretary of State for Defence and the Ministry of Defence, in accordance with the Public Service Pensions Act 2013, the Directions and Scheme regulations.

These results, and corresponding information, should not be relied upon or assumed to be appropriate for any other purpose, or by any other person.

Third parties whose interests may differ from those of the Ministry of Defence are encouraged to seek their own actuarial advice where appropriate. GAD has no liability to any person or third party for any act or omission taken, either in whole or in part, on the basis of the individual valuation reports or their entirety.

Compliance statement

The valuation reporting has been prepared in accordance with the applicable Technical Actuarial Standards: TAS 100 and TAS 300 issued by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

At GAD, we seek to achieve a high standard in all our work. We are accredited under the Institute and Faculty of Actuaries' Quality Assurance Scheme. Our website describes the standards we apply.

Reliances and limitations

In preparing the valuation reporting, we have:

- Relied on the data and other information supplied by the Scheme administrator, as set out in the Data report. GAD has not sought independent verification of the data's general completeness and accuracy (beyond our comparisons with the relevant Resource Accounts). Any checks that we have made are limited to those described in the valuation reporting (particularly in the Approach and Data reports). Our checks do not represent a full independent audit of the data supplied.

- Used directed and scheme-set assumptions, as set out in the Assumptions report. The adjustments made to the data as set out in the Data report apply equally to the data used for setting assumptions. Any additional data adjustments made solely for the purpose of setting assumptions are detailed in the Assumptions report.

Figures throughout the valuation reporting may not sum due to rounding.

> **Important**
>
> Please refer to the Data and Assumptions reports for details of the data and assumptions used, and any adjustments made.

Directions

This report has been prepared with a view to meeting the following reporting requirements of the Directions:

Reporting Direction	Description	Relevant Directions (where applicable)
23(1)(e)	Statement that valuation results have been prepared in accordance with the requirements	
23(1)(f)	A summary of regulations, Directions and professional standards relating to the valuation	
23(1)(g)	A summary of the main provisions of the scheme	
25(y)	Statement that the core cost cap valuation results and economic cost cap valuation results have been calculated in accordance with the requirements of the Directions	
25(z)	Summary of the regulations, Directions and professional standards applicable to the preparation of the cost cap valuation report	