ARMED FORCES PENSION AWARENESS WEEK

Armed Forces Pension Glossary

Plain-English explanations of common Armed Forces pension terms and abbreviations

● A ● B ● C ● D ● E ● I ● L ● M ● P ● Q ● R ● S ● V

A–Z **GLOSSARY • PAGE 1 OF 2** **A–Z**

- **2015 PENSION REMEDY / MCCLOUD**
Measures introduced to correct age discrimination arising from the 2015 public service pension reforms.

- **ABATEMENT**
A reduction that may apply to certain Armed Forces pension benefits following re-employment.

- **ACCRUAL RATE**
The rate at which pension is earned or built under scheme rules.

- **ACCRUED BENEFITS**
Pension benefits earned up to a particular date.

- **ACTUARIAL REDUCTION**
A reduction applied when pension is paid earlier than normal payment age.

- **ADDED PENSION**
Extra defined pension an eligible AFPS 15 member can buy.

- **ANNUAL ALLOWANCE (AA)**
The tax limit on pension growth in a tax year before a tax charge may arise.

- **AFPS**
Armed Forces Pension Scheme.

- **BENEFIT INFORMATION STATEMENT (BIS)**
A statement showing pension benefits accrued to date; not a pension tax statement.

- **CARE**
Career Average Revalued Earnings, used by AFPS 15 to build pension across a career.

- **CASH EQUIVALENT TRANSFER VALUE (CETV)**
A cash-equivalent value placed on pension rights, including for transfers and divorce.

- **COMMUTATION**
Giving up part of annual pension in exchange for a lump sum.

- **CONTINGENT DECISION**
A decision a member says would have been different without the 2015 discrimination.

- **DEFERRED CHOICE UNDERPIN (DCU)**
The process under which many eligible members make their remedy choice when benefits become payable.

- **DEFERRED / PRESERVED PENSION**
Pension rights earned but retained for payment later.

- **DEFINED BENEFIT (DB)**
A pension calculated under scheme rules rather than from an individual investment pot.

- **EARLY DEPARTURE PAYMENT (EDP)**
A separate benefit for eligible Regular personnel leaving before pension age.

- **EARLY PAYMENT OF PRESERVED PENSION (EPPP)**
Early payment of eligible retained pension, normally with an actuarial reduction.

- **ELIGIBLE PARTNER**
An unmarried partner meeting scheme conditions for survivor benefits.

- **IMMEDIATE PENSION**
A pension payable immediately on leaving once relevant conditions are met.

- **INDEXATION / PENSION INCREASE**
Increases applied under statutory and scheme rules.

- **INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)**
The formal process for challenging certain pension administration decisions.

- **LEGACY SCHEME**
An Armed Forces pension scheme predating AFPS 15.

- **LUMP SUM ALLOWANCE (LSA)**
A tax limit on certain tax-free pension lump sums.

- **LUMP SUM AND DEATH BENEFIT ALLOWANCE (LSDBA)**
A tax limit relevant to certain lump-sum death benefits.

- **MEMBER VOLUNTARY CONTRIBUTIONS (MVC)**
Voluntary arrangements relevant to certain Armed Forces pension circumstances.

- **PENSION CREDIT MEMBER (PCM)**
A former spouse or civil partner receiving separate rights after a Pension Sharing Order.

- **PENSION DEBIT**
The reduction to a member’s pension when a share transfers under a Pension Sharing Order.

- **PENSIONABLE EARNINGS / PAY**
Earnings or pay counted when calculating pension benefits.
- **PENSION SAVINGS STATEMENT (PSS)**
A statement showing pension growth for Annual Allowance tax purposes.
- **QUALIFYING SERVICE**
Service used to decide whether benefit conditions have been met.
- **RECKONABLE SERVICE**
Service counted when calculating benefits.
- **REMEDIABLE SERVICE**
Eligible service within the 2015 Pension Remedy period.
- **REMEDIABLE SERVICE STATEMENT (RSS)**
A personalised statement showing remedy information and options.
- **REMEDY PERIOD**
1 April 2015 to 31 March 2022.
- **RESETTLEMENT GRANT**
A tax-free lump sum for eligible personnel leaving without specified immediate benefits; not a pension.
- **R-PSS**
A remedy-related Pension Savings Statement for affected years.
- **SCHEME PAYS**
A mechanism allowing an eligible Annual Allowance tax charge to be met from pension benefits.
- **STATE PENSION AGE (SPA)**
The age State Pension normally becomes payable; relevant to AFPS 15 deferred pension.
- **SURVIVOR BENEFITS**
Pensions or lump sums potentially payable to eligible dependants after death.
- **VESTING PERIOD**
The minimum qualifying service needed to secure pension entitlement.

FIND OUT MORE

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