

The Armed Forces Pension Scheme



A Guide to Deferred and Preserved Pension Entitlement

This guide is intended to provide informative facts about deferred and preserved pensions for service in the Armed Forces. This is intended to help you understand whether you are eligible for an Armed Forces pension, when you can claim it, and how to claim.

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Introduction

Prior to 1975, Preserved Pensions did not exist for members of the Armed Forces. Service Personnel could only qualify for a pension, which was payable at discharge, if:

They were an Officer and had completed 16 years' Service from age 21.
or

If they were an Other Rank and had completed 22 years' Service from age 18.

Those who left Service before completing the required number of years' Service had no entitlement to a pension, unless they were medically retired.

Personnel who had served on Short Service Commissions, or Short Career Commissions, were awarded a gratuity at the end of their Service because this service was not pensionable.

Why were Preserved Pensions introduced?

The Social Security Act 1973 introduced changes, which required all public sector pension schemes to provide "Preserved Pension rights". The required changes to the Armed Forces Pension Scheme were formally agreed in January 1975 and Preserved Pensions were introduced for the Armed Forces from 6 April 1975.

A preserved Pension is a term used to define a pension from an Occupational Pension Scheme. Provided you have met the eligibility requirements, this is maintained after you leave employment. The Preserved Pension is then payable at the Scheme's pension age.

Example Case:

An Other Rank joined at Age 18 on 31 December 1974, and was discharged on 31 December 1986. They had not served for 22 years, so they do not qualify for an immediate pension on discharge. However, they had met the criteria to qualify for a Preserved Pension. If they discharged in the rank of Sgt (OR6), their preserved pension was £1,687.56. When this becomes payable at age 60, it would be revalued in line with indexation. This means that its value on 31 December 2016 would be a pension of £4,363.49, and a lump sum of £13,090.47. In 2024, the annual rate of this pension would be £5,754.29.

Pension Timelines

When Preserved Pensions were introduced, certain criteria were put in place to establish entitlement. These criteria were modified over time but were not applied retrospectively. Therefore, the rule in force at the time you left Service is the rule which will apply to you.

1975 – The Introduction of Preserved Pensions

From 6 April 1975, Preserved Pensions could be claimed at age 60 for all members who were over the age of 26 at discharge, and had a minimum of five years' Reckonable Service.

Information Point - What is Reckonable Service?
Reckonable Service is any Service that can be taken into account for calculating your pension benefits. Under the 1975-Armed Forces Pension Scheme (AFPS75), Reckonable Service for Other Ranks starts from age 18 and for Officers, this starts from age 21.

1978 – Age 26 Criteria Removed

From 1 April 1978, members no longer needed to be over the age of 26 at discharge to qualify for a Preserved Pension. They just had to complete a minimum of five years' Reckonable Service. The start of Reckonable Service remained at age 18 for Other Ranks, and age 21 for Officers.

1978 – What else was happening?

In 1978, the ***Social Security Pensions Act*** created the State Earnings Related Pension Scheme (SERPS). This was introduced to provide a pension, which was related to earnings and was known as the Additional State Pension. This was an extra amount which could be paid on top of the basic State Pension.

For those in the Armed Forces, this meant that from 6 April 1978, members were "Contracted Out" of SERPS and therefore paid lower National Insurance Contributions. This applied to all members of the Armed Forces Pension Scheme who were not on gratuity earning terms.

Service Personnel who served on Short Service Commissions, or Short Career Commissions were on non-pensionable earning terms and paid a higher rate of National Insurance Contribution because they were contracted into SERPS for the duration of their service.

If you served after 6 April 1978 but did not have enough Reckonable Service to qualify for a Preserved Pension, at the end of your engagement, a Contributions

Equivalent Premium (CEP) was paid to Inland Revenue (now HMRC) to reinstate your National Insurance Contributions back into the State Scheme.

1983 – Change from Reckonable Service to Contracted Out Service

From 6 April 1983, members who discharged after this date and had service after 6 April 1978, no longer required five years' Reckonable Service to qualify for a Preserved Pension. The change meant members now required five years' full paid "Contracted Out" Service.

"Contracted Out" Service is Service from age 16, earned after 6 April 1978. This is more commonly referred to as "Qualifying Service". Qualifying Service is the Service necessary to count towards the minimum requirement to receive a pension.

What does this mean in practice? If we take an Other Rank as an example, they could have joined at age 16 and left at age 21. This means they would have achieved five years' Qualifying Service and they would be entitled to a Preserved Pension. However, the value of the Preserved Pension would be based on their Reckonable Service, which are the three years served from age 18 to age 21.

Information Point - What is "Contracted Out"?
As AFPS 75 was a Defined Benefit Scheme, being "Contracted Out" meant that the pension a member received from the Armed Forces Pension Scheme had to be of a minimum level, similar to what someone would have received from the Additional State Pension if they had remained "Contracted In". This was referred to as "Guaranteed Minimum Pension" or GMP.
"Contracting Out" ended in 2016 when the State Pension Rules were changed. Contracted Out of the Additional State Pension provides further details about changes to the state pension and your national insurance record.

1988 – Reduction to 2 Years

From 6 April 1988, the Qualifying Service period was reduced from five years to two years' full paid Service from any age. No changes were made to the Reckonable Service which counts towards the assessment of a Preserved Pension.

For Example: A Serviceperson joined on 1 April 1986 and left on 20 July 1988. They were age 18 on 1 May 1987. Their total Qualifying Service is two years 111 days and their total Reckonable Service is one year 81 days. Their Preserved Pension will be calculated based on one year 81 days. Using the rank of Private on discharge (OR2) the pension at discharge was £147.71 a year and as of 2024, the current value of that pension is £472.91 a year, with a lump sum of £1,418.73 also payable. The pension will continue to increase annually in line with the Consumer Price Index (CPI).

2005 – The Finance Act 2004

The Finance Act 2004 introduced a number of changes to the age which a pension could be paid. This saw the introduction of the AFPS 2005 and RFPS 2005 schemes.

Members of the AFPS 1975 Scheme were allowed to remain in that Scheme, or they could transfer to the AFPS 2005 Scheme under the Offer To Transfer (OTT).

The Introduction of AFPS 2005

AFPS 1975 was closed to new entrants on 6 April 2005, and those who joined or re-joined the Regular Armed Forces from 6 April 2005 onwards became members of AFPS 2005.

Members of AFPS 2005 need to have at least two years of continuous paid Service to qualify for pension benefits (this is known as Qualifying Service).

From 31 March 2015, AFPS 2005 was closed to new members.

RFPS 2005 is also introduced.

On 6 April 2005, the Reserve Forces Pension Scheme (RFPS) 2005 was also introduced, and those who started or renewed a Full Time Reserve Service (FTRS) contract were eligible for membership of RFPS 2005.

Members of RFPS 2005 only need one days' Service to be entitled to a pension.

RFPS 2005 closed to new members from 31 March 2015.

The Current Pension Scheme - AFPS 2015

AFPS 2015 was introduced on 1 April 2015, in line with the **Public Sector Pensions Scheme Act 2013**. All Personnel joining after this date were enrolled in AFPS 2015.

All members not entitled to the 2015 Remedy, and members of the Part-Time Reserves, joined AFPS 2015 from 1 April 2015, though they retained rights to benefits accrued in the earlier Schemes.

On 1 April 2022, all members of the Armed Forces moved to AFPS 2015.

AFPS 2015 is the only open Scheme for both Regular and Reserve Personnel.

Members need to have a minimum of two years of paid Service to qualify for pension benefits (this is known as Qualifying Service).

Age when Deferred/Preserved Pensions can be claimed

Information Point – Preserved or Deferred Pension
Preserved Pension has the same meaning as a Deferred Pension. Under the AFPS 75 and AFPS 05 Schemes, deferred pensions were known as preserved pensions. Under the new AFPS 15 the term was changed to deferred.

Claiming a Preserved Pension from AFPS 75

If you left service with a preserved entitlement before 6 April 2006, the pension is payable at age 60. For Service after this date, it is payable at age 65.

Claiming a Preserved Pension from AFPS 2005 or RFPS 2005

If you left Service with a preserved entitlement, you can claim this pension from age 65.

Claiming a Deferred Pension from AFPS 2015

If you have a deferred entitlement under this Scheme, you can claim this pension from your State Pension Age.

Claiming your Preserved/Deferred Pension early with Actuarial Reduction

Preserved/Deferred members can claim for the immediate payment of a preserved/deferred pension, but with an actuarial adjustment to take account of the longer period that the pension will be in payment. The ages from which this can be claimed are:

AFPS 75 Member – The portion of the Preserved Pension which is payable at age 65 can be claimed from age 60 on an actuarily reduced basis.

AFPS 75 Pension Credit Member (PCM) – Where the pension is the result of a Pension Sharing Order (PSO), and the PSO has taken effect, then the PCM can claim this from age 55 on an actuarily reduced basis.

AFPS 2005 Member – The Preserved Pension can be claimed early from age 55, on an actuarily reduced basis.

AFPS 2005 Pension Credit Member (PCM) - Where the pension is the result of a Pension Sharing Order (PSO), and the PSO has taken effect, then the PCM can claim this from age 55 on an actuarily reduced basis.

RFPS 2005 Member - The Preserved Pension can be claimed early from age 55, on an actuarially reduced basis.

RFPS 2005 Pension Credit Member (PCM) - Where the pension is the result of a Pension Sharing Order (PSO), and the PSO has taken effect, then the PCM can claim this from age 55 on an actuarially reduced basis.

AFPS 2015 Member - The Deferred Pension can be claimed early from age 55, on an actuarially reduced basis.

AFPS 2015 Pension Credit Member (PCM) - Where the pension is the result of a Pension Sharing Order (PSO), and the PSO has taken effect, then the PCM can claim this from age 55 on an actuarially reduced basis.

Claiming your Preserved/Deferred Pension early due to Ill Health

Members of any of the Schemes mentioned above, can claim their Preserved/Deferred pension and lump sum entitlements early, if they have had a permanent breakdown in health and are no longer capable of any form of full-time employment.

Members can submit a claim for Early Payment of Preserved Pension (EPPP) by completing an AFPS Form 8 along with an EPPP Annex B-C. These forms can be found at [Armed Forces Pension and Insurance Declaration Forms](#)

More information and how to claim.

Members are entitled to one free forecast each year, and if you have a Preserved/Deferred entitlement, you can request a forecast by completing and submitting an AFPS Form 14.

To claim your Preserved/Deferred pension, you should complete and submit an AFPS Form 8.

These forms can be found at [Armed Forces Pension and Insurance Declaration Forms](#)

Further information regarding the Armed Forces Pension Schemes can be found at [Armed forces pensions](#)

What next?

If after reading the criteria in this guide, you feel you may have an entitlement and wish to check your eligibility, you can write to us, call us, or email us using the details provided below:

The Armed Forces Pension Scheme
Mail Point 480
Kentigern House
65 Brown Street
Glasgow
G2 8EX
United Kingdom

Tel: 0800 085 3600

Email: DBS-PensionsHelp@dbspv.mod.uk