



Ministry
of Defence

Armed Forces and Reserve Pension Schemes

RE-EMPLOYMENT

DATE 22 Nov 24

Contents

Armed Forces and Reserve Pension Schemes	1
About This Guide	3
Which Pension Scheme am I a member of?	3
Remedy 2015 (McCloud Pension Remedy)	4
Who can tell me what pension scheme I was in?	4
AFPS 15 Continuity of Service	5
Aggregation of Benefits	6
When am I not able to aggregate my deferred benefits?	6
Abatement of Pension	7
When does abatement occur?	7
Effect on Early Departure Payments (EDP)	8
If I re-join, what effect will this have on my EDP 05 monthly income payments and the EDP 05 lump sum?	8
If I re-join, what effect will this have on my EDP 15 monthly income payments and the EDP 15 lump sum?	9
Effect on Continuity of Service	10
Does my AFPS 75 Service count towards EDP 15?	10
Does my AFPS 05 Service count towards EDP 15?	10
Effect of the 2015 Remedy on Re-joining	11
Effect on Resettlement Grant	12
Will I ever have to repay my Resettlement Grant?	12
Effect on Ill-Health Awards on Re-employment	13
AFPS 75, FTRS 97 and NRPS – Ill Health Awards	13
AFPS 05, AFPS 15 and RFPS 05 – Ill Health Awards	13
Effect on Pension Commencement Lump Sum	14
Effect on Redundancy – Compensation Payments	14
Appendix – Technical Terms	15

About This Guide

This booklet is intended to assist scheme members who have re-joined the regular or reserve Armed Forces or intend to re-join. Its purpose is to explain the effect that re-employment may have on your pension or other benefits you received when you left.

This booklet does not provide legal or financial advice. It is only a guide and does not replace or add to the pension scheme rules. We have tried to ensure that the content of this booklet is accurate but please remember that this booklet does not give any entitlement or promise of benefits and the rules of your pension scheme take precedence.

INFORMATION IN THIS GUIDE DOES NOT REFLECT THE 2015 PENSION REMEDY.

Which Pension Scheme am I a member of?

Armed Forces Pension Scheme 15 (AFPS 15) is the only open pension scheme available for members of the regular and reserve Armed Forces. You are a member of AFPS 15 if:

- a. You first joined the Armed Forces on or after 1 April 2015.
- b. You re-joined regular service or reserve service on or after 1 April 2015 and you are not eligible for the 2015 pension remedy.
- c. You are eligible for the remedy and you are entering service on or after 1 April 2022.

If you were in service before 1 April 2015 you may have been a member of one of the following legacy schemes:

- a. **AFPS 75** - If you enlisted as a member of the regular Armed Forces between 1st April 1975 and 5th April 2005, you would have automatically joined **AFPS 75**. From 6th April 2005, AFPS 75 was closed to new members.
- b. **AFPS 05** - If you enlisted as a member of the regular Armed Forces after 6th April 2005, or accepted an offer to transfer from AFPS 75, you would have automatically joined **AFPS 05**. From 31st March 2015, AFPS 05 was closed to new members.
- c. **FTRSPS 97** - If you undertook a FTRS commitment or an Additional Duties Commitment before 6th April 2005, you may have joined **FTRSPS 97**. It was introduced in 1997 and closed to new entrants from 6th April 2005.
- d. **RFPS 05** - If you undertook (1) FTRS commitment; (2) Additional Duties

Commitment; or (3) full time mobilised service between 6th April 2005 and 31st March 2015, or accepted an offer to transfer from FTRSPS 97, you may have joined **RFPS 05**.

- e. **NRPS** – If you undertook a Non-Regular Permanent Staff appointment (previously under Chapter 9 of TA Regulations 1978) you may have joined the NRPS pension scheme. However, because NRPS appointments are no longer made the scheme has closed to new members.

All these legacy schemes are now closed, and it is no longer possible for you to rejoin these schemes.

Remedy 2015 (McCloud Pension Remedy)

Pension remedy will apply to you if you were public service pensionable employment on or before 31 March 2012 **and** on or after 1 April 2015, and you have no break in service longer than 5 years.

If eligible, the pension remedy will return you to your legacy scheme or the last open Armed Forces legacy scheme appropriate to your commitment type for your service between 1 April 2015 to 31 March 2022. When your pension comes into payment you will be invited to then choose whether you wish the remedy period paid as a legacy or AFPS 15 pension.

For more information on pension remedy, please visit [Armed forces pensions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/organisations/veterans-uk) under the heading 'McCloud update'.

Who can tell me what pension scheme I was in?

You can check what schemes you have a pension entitlement in by contacting DBS Veterans UK:

DBS Veterans UK
Joint Personnel Administrative Centre (JPAC)
Veterans UK Pension Division
Mail Point 480 Kentigern House
65 Brown Street
Glasgow, G2 8EX

Website: <https://www.gov.uk/government/organisations/veterans-uk>

Tel (Civ): 0800 085 3600

Tel (Mil): 94560 3600

Tel (overseas): 0044 141 224 3600

Email: DBS-PensionsHelp@dbspv.mod.uk

AFPS 15 Continuity of Service

AFPS 15 is a single pension scheme which covers all members of the Armed Forces, regular and reserves. It enables you to move between regular and reserve service without having to change pension scheme.

If you are a **deferred** member of an Armed Forces legacy pension scheme and reenter service as a member of the AFPS 15, you may qualify as a **Transitional Member with Continuity of Service**. This means that your previous service in a legacy pension can be linked with your new Service in AFPS 15.

A Transition Member is a member with pensionable service in a legacy scheme before 1 April 2015 (or 1 April 2022, if the member is entitled to the 2015 Remedy and rolls back to their legacy scheme for the remedy period), and who is also in AFPS 15 pensionable service with a gap between the two periods of service of no longer than 5 years. If you do not have '**continuity of service**', your legacy pension remains deferred and is not linked with any new service in AFPS 15.

If you have spent time as a member of another **Public Sector Pension Scheme**¹ during your break in service, **Continuity of Service** can be maintained provided that no single gap between different public sector pension schemes has been more than five calendar years.

Continuity of Service offers a range of benefits:

- a. There is no requirement to vest again (otherwise 2 years' service is required).
- b. Regular service members, returning to regular service, can count their previous qualifying service towards a Resettlement Grant. Provided the gap between the two periods of Armed Forces service is no longer than 5 years.
- c. New service as a regular will count as qualifying service for the purpose of reaching the EDP 05 point or AFPS 75 immediate pension point (Note: the value of the EDP 05 / AFPS 75 immediate pension is based on pensionable service under those schemes only, and not on total qualifying service under both schemes). Provided the gap between the two periods of Armed Forces service is no longer than 5 years.
- d. Ill health and dependants' benefits are based on service in both schemes.
- e. When you reach your scheme's pension age, the legacy pension for the earlier service will be re-calculated based upon your final salary/rank pension on leaving AFPS 15 (if this provides a more valuable pension).

¹ Examples of Public Service Pension Schemes include (but are not limited to) Civil Service, Police, and NHS Pension Schemes.

Aggregation of Benefits

Prior to April 2015, if you left regular service and re-joined as a regular in AFPS 75 or AFPS 05 Schemes, you may have been allowed to **aggregate** (add together) pension benefits arising from your last period of separate service in the regular Armed Forces².

Only legacy service can be aggregated. For AFPS 15, the Continuity of Service rules apply instead. Should you wish to aggregate legacy pension benefits, you must contact DBS, as aggregation is not an automatic process.

When am I not able to aggregate my deferred benefits?

Deferred pension benefits from different pension schemes can only be added together to form a single pension where the two single pension schemes are of the same design. For example, the AFPS 15 pension scheme is a Career Average (CARE) pension scheme, and AFPS 75 and AFPS 05 are final salary pension schemes:

- a. Aggregation is not available between AFPS 05 and AFPS 15; and
- b. Aggregation is not available between AFPS 75 and AFPS 15.

Instead, the pension accrued under the two different pension schemes must remain separate, though continuity of service may apply.

Aggregation is also not available:

- a. between reserve and regular service.
- b. between two periods of reserve service
- c. once you have left service.
- d. If a pension from a previous period of service is in payment.
- e. Between multiple periods of legacy service

² It should be noted that only the last period of service can be aggregated, multiple periods of service cannot be aggregated

Abatement of Pension

It is the policy of successive Governments that if you re-join the Armed Forces and have a pension in payment, it may be reduced to ensure that your pension and new salary combined does not exceed your previous salary. This is known as **abatement**.

When does abatement occur?

When you re-join either regular or reserve service with a legacy pension in payment, it could be subject to abatement. This is if the value of your new service salary and pension exceeds the value of your previous salary (adjusted for inflation).

Your pension abatement will be subject to re-assessment should you change rank, post, contract or commitment type and if any of these events occur after the age of 55 then the revision will reflect the revised pension including pension increases. It is likely that the abatement could be greater than it was before you reached age 55.

If you have an AFPS 15 pension, it is not abated when you re-join. However, if you are receiving a pension from a legacy pension scheme and an AFPS 15 pension, the AFPS 15 pension value will be included in the legacy scheme abatement calculation.

Although AFPS 15 is not subject to abatement upon re-joining, the gap in service from leaving with an immediate pension must be greater than 28 days. Should you re-join service within 28 days of leaving with an AFPS 15 immediate pension, your AFPS 15 pension would cease, and you would be required to re-pay all of the pension and any lump sum received..

The Table below shows when abatement applies:

Scheme that pension in payment is derived from	Re-joining the Armed Forces into AFPS 15
AFPS 75	Abated
AFPS 05	Abated
RFPS05	Abated
FTRSPS97	Abated
NRPS	No Abatement
AFPS 15	No Abatement

Effect on Early Departure Payments (EDP)

The EDP is similar to the Armed Forces pension but is not paid for life and it does not pay dependant benefits. When re-joining with either a EDP 05 and/or EDP 15, members should understand the following outcomes.

If I re-join, what effect will this have on my EDP 05 monthly income payments and the EDP 05 lump sum?

If you are in receipt of an EDP 05 and you re-join the regular Armed Forces, or the Reserve Forces on either an FTRS or Additional Duties Commitment (ADC) contract, your EDP 05 income will stop upon re-employment.

If the new service is:

- a. Regular service. You may be entitled to a revised EDP 05 when you next leave regular service unless on leaving you have attained the age of 55 or are entitled to an ill health pension, then an AFPS 05 pension will be paid instead of the EDP 05.
- b. FTRS or ADC reserve service. The EDP 05 will restart on leaving reserve service. Unless on leaving you have attained the age of 55 or are entitled to an ill health pension, then an AFPS 05 pension will be paid instead of the EDP 05.

You may be required to repay the 'unexpired portion' of your EDP 05 lump sum. This means that if your EDP 05 lump sum was equivalent to 12 months' pay and you rejoined within 6 months you would have repay 50% of the lump sum. On leaving further regular service, if your EDP 05 is re-calculated a revised EDP 05 lump sum will be paid. If you are leaving reserve service, no further lump sum is paid.

The following formula is applied to determine if your service break is less than the relevant period, in which case the person must repay the relevant fraction of the lump sum:

The relevant period is

$$(LP \times 365) / (FRE)$$

LP is the amount of the lump sum

FRE is the member's final relevant earnings by which the lump sum was calculated

The relevant fraction means

$$(D) / (RP)$$

D is the number of days in which the service break falls short of the relevant period and

RP is the number of days in the relevant period

Example of a member of AFPS 05 who left the regular Armed Forces at age 40, with 20 years' service on relevant earnings of £20,000 who then re-joins after a break in service of 120 days.

$$(17,143 \times 365) / (20,000) = 156$$

$$\text{Relevant period} = 156$$

$$36 / 156$$

$$6 / 26$$

The above fraction of the individual's lump sum must be repaid upon re-joining. Any further service would count towards a revised EDP should they leave again before age 55. Their EDP income stream would cease during their new period of service.

If I re-join, what effect will this have on my EDP 15 monthly income payments and the EDP 15 lump sum?

If you have been awarded an EDP 15 you have two options available on re-joining the regular Armed Forces.

- a. You may choose to retain the EDP 15 income, and you will not be required to repay the EDP 15 lump sum. New service will continue to accrue AFPS 15 pension, but no new EDP 15.
- b. Alternatively, you can elect to repay your EDP 15 lump sum and stop your EDP 15 income. Then, if you leave before age 60, the EDP 15 benefits will be recalculated based on your increased regular service.

For those who have been awarded an EDP 15 and re-join as a reserve, the EDP 15 will remain in payment and there is no repayment of the lump sum.

Effect on Continuity of Service

Does my AFPS 75 Service count towards EDP 15?

You can count your former AFPS 75 qualifying service towards the qualification period for EDP 15, provided the gap between AFPS 75 and AFPS 15 regular service is five years or less.

Does my AFPS 05 Service count towards EDP 15?

You can count your former AFPS 05 relevant service towards the qualification period for EDP 15, provided the gap between AFPS 05 and AFPS 15 regular service is five years or less.

Example 1 - AFPS 75 deferred member re-joins into reserve service

The member has 12 years' reckonable service in AFPS 75, and leaves and re-joins (within 5 years) as a full-time reservist in AFPS 15 after 1 April 2022.

They serve a total of 10 years in the reserves and reach age 40. The gap between AFPS 75 and AFPS 15 service is not more than 5 years.

The member re-joins into AFPS 15 and

The member becomes an active member of AFPS 15 and AFPS 75 for the period of further reserve service. When the member leaves, they are entitled to:

- A deferred AFPS 75 pension, with the final rank link applied (if that is more)
- A deferred AFPS 15 pension

However, the member would not become eligible for an EDP 15 when leaving their period of further service, as reserve service is not qualifying service for an EDP.

Example 2 - AFPS 05 Deferred Member Re-joins into Reserve Service

Member has 12 years' reckonable service in AFPS 05 leaves and re-joins (within 5 years) as a full-time reservist after 1 April 2022 in AFPS 15.

They serve a total of 10 years in the reserves and reaches age 40.

The member becomes an active member of AFPS 15 and AFPS 05 for the period of further reserve service. When the member leaves, they are entitled to:

- A deferred AFPS 05 pension (in relation to the first period of service), with the salary link applied (if that is more)
- A deferred AFPS 15 pension

If for example, an AFPS 05 member had re-joined with an EDP in payment, the EDP 05 would be suspended for the period of re-employment. The EDP 05 would be returned to payment when the member left service.

However, the member would not become eligible for an EDP 15 upon leaving their period of further service, as reserve service is not qualifying service for an EDP.

Example 3 - AFPS 05 deferred member (includes members with an EDP in payment) re-joins into regular service:

Member has 12 years' service in AFPS 05 leaves and re-joins (within 5 years) as a regular after 1 April 2022 in AFPS 15. They serve for another 10 years and reach age 40. The gap in service is not more than 5 years.

The member becomes an active member of AFPS 15 and AFPS 05 for the period of further regular service. When they leave service age 40, they are entitled to

- an EDP 05 as they have reached the 18/40 mark.
- an EDP 15 as they have reached the 20/40 mark.
- A deferred AFPS 05 pension
- A deferred AFPS 15 pension

If this example member had re-joined with an EDP in payment the EDP 05 would be suspended for the period of re-employment. The EDP 05 would be recalculated and returned to payment when the member left service. However, if the member left after age 55 the AFPS 05 pension would be paid instead.

Effect of the 2015 Remedy on Rejoining

If you are eligible for the 2015 remedy and re-joined in the remedy period (1 April 15 to 31 March 22), you will be rolled back into your last open legacy scheme for your commitment type. This means your re-employed service will change from AFPS 15 to the last open scheme for your re-employed commitment type:

- AFPS 05 for regular service
- RFPS 05 for FTRS and ADC service
- AFPS 15 for part time reserve service

From 1 April 2022, all members are in the AFPS 15 scheme.

Effect on Resettlement Grant

If you are a transition member with Continuity of Service, former periods of regular service can be added together and counted towards the qualification for a Resettlement Grant, paid from your legacy scheme³. If you do not have Continuity of Service, then former service will not count and qualifying service will restart at the point of re-joining.

Will I ever have to repay my Resettlement Grant?

If you receive a Resettlement Grant 75 and return to regular or reserve service within 121 days, you will have to repay some or all of the grant. On leaving further regular service, if you are not eligible for a pension or EDP, the lump sum payable shall not exceed the proportion previously repaid. If you are a full-time reservist and repay the

grant, you are not eligible for another grant upon leaving the Armed Forces for a second time.

If you receive a Resettlement Grant 05 or Resettlement Grant 15 and re-join as a regular or full-time reservist within 31 days, you must repay the Resettlement Grant in full.

If you are a regular and repay the grant, you are then eligible for another grant upon leaving the Armed Forces for a second time, providing that you are not eligible for a pension or EDP. However, if you are a full-time reservist and repay the grant, you are not eligible for another grant upon leaving the Armed Forces for a second time.

If you re-join the Armed Forces more than 31 days after leaving, you may keep the grant. As a result, you will not be eligible for another grant upon leaving the Armed Forces again.

³ For the AFPS 75 Scheme, only service after age 21 (for Officers) or age 18 (for Other Ranks) will be counted towards qualification for an AFPS 75 Resettlement Grant.

Effect on Ill-Health Awards on Reemployment

If you re-join the Armed Forces having previously been discharged with an ill-health award from a legacy Armed Forces Pension Scheme, the award is dealt with as follows.

AFPS 75, FTRS 97 and NRPS – Ill Health Awards

If you re-join the Armed Forces with an ill health pension in payment from AFPS 75, FTRS 97 or NRPS, the pension is abated for the period of further employment. You will keep the pension commencement lump sum without abatement or recovery. The abated ill health pension is immediately re-instated in full upon subsequent departure from the Armed Forces.

AFPS 05, AFPS 15 and RFPS 05 – Ill Health Awards

Tier 1

AFPS 05 / AFPS 15: In both schemes, a Tier 1 award, is a tax-free lump sum, provided you had not qualified for an EDP. If you have passed the EDP point you will receive an EDP lump sum and monthly income payments instead of a Tier 1 illhealth award. For more information, please see the EDP rules on re-employment.

If you receive a Tier 1 award under AFPS 05 or AFPS 15 and re-join the Armed Forces, you will be required to pay back the 'unexpired portion' of the lump sum. For example, if you were medically discharged under Tier 1 with a tax-free lump sum equivalent to 18 months' pensionable pay and were re-employed after 12 months, you would be required to repay 6 months' pensionable pay. RFPS 05 – There is no Tier 1 ill health award for this scheme.

Tier 2 and Tier 3 (AFPS 05, AFPS 15 and RFPS 05)

Under a Tier 2 or Tier 3 discharge, you are awarded an enhanced taxable ill-health pension payable for life and a pension lump sum. If you re-join the Armed Forces following this, you will keep the pension commencement lump sum. However, your AFPS 05 or RFPS 05 ill health pension will be abated (see abatement). However, an AFPS 15 ill-health pension will be stopped, and the 'base' pension is then put into deferment. The 'enhancement' element is lost permanently.

Effect on Pension Commencement Lump Sum

The pension commencement lump sum (PCLS) is a tax-free lump sum paid when the pension begins. The legacy schemes pay this lump sum automatically, as three times

the annual pension put into payment. In the AFPS 15 scheme there is no automatic pension commencement lump sum, but you may commute some of your pension to generate a lump sum at a rate of £1 of pension for a £12 lump sum. The total lump sum that can be created is limited by pension taxation legislation.

The PCLS is never recovered or abated upon re-employment.

Effect on Redundancy – Compensation Payments

If you are a Transitional Member who has re-joined the Armed Forces, having previously received a redundancy compensation payment, you may be required to repay all or some of your compensation payment if you re-join within the *relevant period*⁴.

In this instance, the *relevant period* is the period of time that is represented by the value of the Compensation Lump Sum (CLS) or Special Capital Payment (SCP). This applies to those who have:

- a. Received a CLS under the Armed Forces Redundancy Scheme 2006 and were re-employed within the *relevant period*.
- b. Received an SCP under the Armed Forces Redundancy Scheme 2010 and were re-employed within the *relevant period*.
- c. Received a CLS under the Armed Forces Redundancy Scheme 2020 and were re-employed within the *relevant period*.

⁴ The calculation to determine any repayment will be published in JSP 785; expected to be issued by December 2022.

Appendix – Technical Terms

Abatement	If you re-join the Armed Forces and have a legacy pension in payment, it may be reduced to ensure that your pension and new salary combined does not exceed your previous salary.
Armed Forces Pension Scheme 1975 (AFPS 75)	The pension scheme for regular service personnel, introduced in April 1975 and closed to new entrants from 6 th April 2005.
Armed Forces Pension Scheme 2005 (AFPS 05)	The pension scheme for Regular Service personnel who joined the Armed Forces from 6 th April 2005, and from 6 th April 2006 for regular service personnel who elected to transfer as a result of the Offer to Transfer. AFPS 05 closed to new members from 1 st April 2015 onwards.
Armed Forces Pension Scheme 2015 (AFPS 15)	The pension scheme for regular and reserve service personnel who join the Armed Forces from 1 st April 2015.
Aggregation	When two or more separate periods of regular legacy qualifying service are added together.
Commutation	When a AFPS 15 member gives up part of their pension income in return for a tax-free lump sum.
Consumer Price Index	This measures the change in price levels in the UK. It is the method currently used to increase the value of pensions in payment in April every year.
Deferred Pension	An individual is entitled to a deferred pension after vesting two years in the Scheme and leaves the Armed Forces before they become eligible to receive a pension immediately.
Dependants	A scheme member's spouse, civil partner, eligible partner (but not in AFPS 75), or eligible children.
Early Departure Payment (EDP) Scheme	The EDP is an additional benefit, which is entirely separate to the Armed Forces pension. The purpose of an EDP is to retain regular personnel in service through to at least age 40 and to compensate for the fact that a full career is not available to the majority.
Final Salary Link	Pensions built up under different pension schemes will remain separate, but in certain circumstances, the legacy pension can be linked to ensure that the value of the pension from former service rises in accordance to salary in further service.
Full Time Reserve Service Pension Scheme 1997 (FTRSPS 97)	The pension scheme applicable to reserve service personnel who gave Full Time Reserve Service before 6 th April 2005. The scheme was closed to new entrants and those starting new commitments from 6 th April 2005.
Inverse Commutation	When a Scheme member exchanges all of an EDP 05 lump sum for an increase in the amount of monthly EDP 05 income.

Legacy Pension Scheme	AFPS 75, AFPS 05, FTRSPS97, RFPS 05 and NRPS are known as Legacy Pension Schemes, because they are now closed to new entrants.
Member	An individual who has joined AFPS -and is earning benefits under the Scheme (active member), has a deferred pension under the Scheme (deferred member), or is receiving a pension from the Scheme (pensioner member).
Non-Permanent Reserve Service Pension Scheme (NPRS PS)	The pension scheme for members of the reserve forces who serve on a full-time basis in units or posts responsible for the Army Reserve.
Normal Pension Age	The earliest age at which a person is entitled to an unreduced pension payable immediately on leaving service. The NPA for AFPS 15 is 60.
Pensionable Earnings	Basic pay, but excluding allowances, expenses, bonuses, financial incentives, Loan Service Pay, and any form of Recruitment and Retention Pay.
Qualifying Service	Qualifying service refers to the amount of time you have been a member of a particular scheme. It is the calendar days that you are in receipt of pensionable earnings or assumed earnings in that scheme. As the name suggests, qualifying service qualifies you for certain benefits.
Reckonable Service	Reckonable service refers to the actual years and days that count towards your pension in a legacy scheme. It is reckonable service that counts in the calculation of the amount of your benefits under a legacy scheme. In general, it is likely that your qualifying service will be the same as your reckonable service. But for some people, their qualifying service will be more than their reckonable service.
Resettlement Grant 15	A lump sum payable to regular service personnel who do not qualify for an EDP or ill-health benefits, but who have completed more than 12 years' service.
Reserve Forces Pension Scheme 2005 (RFPS 05)	The pension scheme for reserve service personnel starting or renewing a Full Time Reserve Service (FTRS) commitment, including those on Additional Duties Commitment (ADC) terms on or after 6 April 2005
Scheme Administrator	Defence Business Services – Veterans UK is the Scheme Administrator for all Armed Forces Pension Schemes.
Transition Member with continuity of service	This is an individual who re-joins the regular or reserve Forces, having been a member of any Legacy Pension Scheme. A Transition Member is a person is both: <ul style="list-style-type: none"> • A member of their Legacy Pension Scheme (because of their pensionable service under that Scheme); and • A member of AFPS 15 (because of their pensionable service under that Scheme)

Vesting Period

The period of 2 calendar years of service (excluding periods of unauthorised absence, unpaid leave, service detention, and imprisonment) required before a member will be eligible to receive any pension benefits (unless already vested).