

From **Major General Neil Marshall OBE**, Chief Executive



By Email: AFPension-Policy@mod.gov.uk

Ministry of Defence
AF Remunerations - Pensions
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**Armed Forces Pension Scheme: Future pension provision from 1 April 2022
Forces Pension Society response**

Thank you for the opportunity to respond to the above-mentioned consultation. This is the official response from the Forces Pension Society (FPS). The FPS is an independent, not-for-profit membership organisation that provides guidance and support to its members, serving and retired, from across the Armed Forces Community. At the time of writing the Society has 62,510 members. Not all are affected by the decisions that will result from this consultation, but a significant number will be.

From our perspective, responding to this consultation has been relatively straight forward and has been comfortably achievable within the 10 week period. It was aided by the MoD Workshop on 2 December 2021 which satisfactorily addressed several issues that we had regarding the prospective remedy. Looking ahead to the consultation for the retrospective remedy, which will be far more wide-ranging and complex, we would ask that, as a minimum, the normal 12 week consultation period be restored. If it is possible to run a series of workshops to address some of the more complicated issues (for example pension taxation, added pension and pension sharing orders etc) early in the consultation period it would be beneficial to iron out any potential misunderstandings or issues in the consultation documents.

Our full answers to this consultation follow below:

Question 1

- (1) The Public Service Pensions and Judicial Offices Bill closes legacy pension schemes to further accrual from 1 April 2022 and ensures that all public service workers who continue in service do so as members of reformed 2015 pension schemes. Do you agree that the draft regulations

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ensure that from 1 April 2022 all serving personnel who were full protection members on 31 March 2022 will transition to the AFPS 15 and begin to accrue benefits under that scheme?

Yes. We are satisfied that the draft regulations meet this requirement.

(2) If 'no', why?

Not applicable.

(3) Are there any other changes needed to ensure the rules of the various Armed Forces pension schemes achieve this aim?

We are content that no further changes to the rules of the various AFPSs are necessary to achieve this aim.

(4) Are there any equality impacts as a result of the proposed regulations to implement the closure of the legacy schemes that the Department has not identified and needs to take account of?

We have not identified any equality impacts as a result of the proposed regulations.

(5) Are there any additional comments you wish to provide with regard to the proposed changes to the Armed Forces Pension Scheme as set out in this document?

No further comments.

Question 2

(1) Do you agree that the draft regulations retrospectively correct an error in the 2015 Transitional Schedules relating to Full Protection Members and Re-joiners in AFPS 05 and RFPS 05?

Yes, we believe that the draft regulations retrospectively correct the error.

(2) Do you agree that the draft regulations achieve the purpose of correcting errors retrospectively in respect of the following?

- Retrospectively amending the AFPS 75, AFPS 05 and RFPS 05 to require that an application for the secondment Additional Voluntary Contribution (AVC) is accompanied by an application for added pension under AFPS 15
- Retrospectively inserting the secondment AVC into the AFPS 05
- Retrospectively amending the AFPS 15 to ensure that a person who had opted out of the legacy scheme remains opted out of the AFPS 15

Yes, to all.

(3) If 'no', why?

Not applicable.

Question 3

(1) Government policy in cases where the medical boarding process has commenced before 1 April 2022 is that all active members will transfer to the new scheme on 1 April 2022. However,

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schemes may amend their rules to provide an 'ill health underpin' to ensure members are not disadvantaged by moving to the new scheme. MOD has assessed benefits paid in these circumstances and does not consider that members in these circumstances would receive lower benefits, hence, MOD does not consider it necessary to implement an underpin. Do you have any views on this policy?

We have explored this issue in some detail and conclude that an underpin is not necessary for AFPS. In reaching this position we would highlight that:

- **Based on our modelling of example cases, we agree with the MoD that service personnel will not receive lower benefits as a result of this policy.**
- **From our correspondence with the MoD, we are encouraged that it will seek to identify service personnel who will be affected by this policy and that, should a case occur whereby somebody is disadvantaged by this rule, their individual circumstances will be reconsidered. It is clearly of paramount importance that serving personnel are not disadvantaged, and that the burden of identifying such cases does not fall to the members being discharged.**
- **We note the introduction of the underpin is likely to be more relevant to address certain characteristics of other public service schemes (i.e. not AFPS).**

(2) Do you believe any changes to scheme rules are required to implement this policy intent?

No.

(3) If yes, which rules require amendments and why?

Not applicable.

Question 4

(1) Are there any further considerations that you think the Department should take into account when assessing any equality issues arising as a result of the proposed amendments?

No.

(2) If yes, please give your reasons and supporting statement.

Not applicable.

(3) Is there anything that could be done to mitigate the impacts you have identified?

Not applicable.

Question 5

Do you have any further comments on either the draft regulations retrospectively or the equalities impact of the proposals set out in this consultation? **No further comments on these specific issues. However I need to use this opportunity to register the Society's serious concerns in relation to the Government's decision to categorise the McCloud costs as a scheme member cost and in so doing, cancelling the previously agreed outcomes of the 2016 Cost Cap**

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reevaluation exercise. This is now subject to a legal challenge and is likely set the tone and context of the next (retrospective) consultation process. We firmly believe the Government should reverse this decision and if subsequently obliged to do so following legal action, that the AFPS should be treated in the same manner as the other Public Service Pension Schemes.

I trust this provides a clear explanation of our position in this matter. Any follow up or clarification required should be addressed to the undersigned in the first instance.



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