



Rt Hon Darren Jones MP, Chief Secretary to the Treasury

11th October 2024

Dear Minister,

Potential changes to Pension Lump Sum Allowance: impact on the Armed Forces

I write in my capacity as Chief Executive, Forces Pension Society (FPS). The FPS is an independent, not-for-profit organisation that provides guidance and support to over 66,000 members, representing regulars and reserve, serving and retired, from across the Armed Forces community.

Many of our serving members have contacted us recently expressing their extreme concern over the impact any changes to the pension Lump Sum Allowance level would have on their promised Armed Forces Pension Scheme (AFPS) benefits, a key element of which is their tax-free lump sum on departure from the Armed Forces and transition to the civilian workforce.

Having served the Nation loyally for over 20 years and in many cases closer to 40 years, these public servants have made firm financial and life plans on the assumption that the tax-free lump sums owed to them would be honoured. As a government that has openly stated its desire to 'reconnect' the Nation with its Armed Forces and put the Armed Forces Covenant fully into law, I cannot think of a budgetary measure more 'counter Covenant' than one that could significantly reduce the pension payments military people receive when they complete their service over the coming months and years. I urge you and the Chancellor not to consider such a move.

This is not something that would only affect 'senior' officers – it would undermine confidence and trust across the entire military community, seriously erode 'the offer' and have a potentially significant impact on retention, and by extension recruitment. And when these people do transfer to the civilian workforce the Government would surely wish for them to continue to save for their eventual retirement by incentivising rather than penalising further pension saving.

The purpose of the AFPS is to sustain operationally effective Armed Forces by incentivising service and providing a financial platform for a second career as a demonstration of the nation's commitment to those who have served their country. I trust you agree with this sentiment and will act accordingly.

Yours sincerely,

Neil Marshall



Copy to: Al Carns OBE MC MP, Minister for Veterans and People

The Forces Pension Society, 68 South Lambeth Road, Vauxhall, London SW8 1RL

Web: forcespensionsociety.org