



Strategic Defence Review (SDR) 2024: Forces Pension Society Submission

Of the 22 question / focus areas invited to submit upon, the best subject area fit for a submission relating to the Armed Forces Pension Scheme was:

- **Workforce Balance: *Propose measures in priority order that establish how UK Defence transitions to the optimum balance of regular, reserve, civil servant, and industry people across all standing tasks and commitments and on mobilisation. Recommend the recruitment, education, training and retention measures required to achieve this.***

Our submission of 25 Sep 24 (limited to 500 words) was as follows:

The Forces Pension Society: <https://forcespensionsociety.org/> is an independent, not-for-profit membership organisation that provides guidance and support to its 66,280 members, representing regulars and reserve, serving and retired, from across the Armed Forces community.

The Society assumes that people will remain at the heart of Defence’s capability and outputs for decades to come. We wholly support the MoD’s Defence Command Paper 23 Refresh proposition which said: “We are convinced that our strategic advantage.....is derived foremost from our first-class people – our real battle-winning capability – in whom we are determined to invest: in their accommodation, their skills, and their overall employment offer.”

The purpose of the Armed Forces Pension Scheme (AFPS) is to sustain operationally effective Armed Forces by: incentivising service (retention); providing essential reassurance to those who willingly put themselves in harm’s way that they and their dependents will be supported should the worst happen; providing a financial platform for a second career (because most Armed Forces careers are, by necessity, shorter than others); and ultimately, setting the financial conditions for a dignified retirement - as a demonstration of the nation’s commitment to those who have served their country.

There are five key features of the AFPS:

1: Defined Benefit: AFPS members can calculate exactly what they are going to receive, when they are going to receive it and, by making reasonable assumptions on career progression, plan their financial future accordingly.

2: Government assured: The AFPS is underpinned by legislation and demonstrates the nation's commitment to the Armed Forces Covenant. There is no dependency on fluctuations of the stock market and/or pension funds.

3: Death and ill health retirement benefits: A reciprocal element of selfless commitment. This aspect recognises that the military family extends beyond serving personnel by providing dependents with appropriate benefits in the event of a death and compensating the wounded for reduced earning potential as veterans.

4: Supports transition to civilian life: The provision of Early Departure Payments enables personnel to leave the Armed Forces and transition to civilian life by providing a financial platform for a second career.

5: Non-contributory: AFPS members do not contribute via salary deduction although their pension benefits are taken into consideration in determining pay scales. This ensures that all service personnel remain enrolled – which is vital given their unlimited liability – by providing no incentive for opt out.

These five enduring features of the AFPS support the Armed Forces career structures - the framework that populates the Services with personnel of the correct rank, ability and experience to deliver the human capability required to sustain operationally effective Armed Forces – as well as underpinning motivation.

This means that the AFPS is a significant investment and there remains more to do to enhance understanding and appreciation of the value of the AFPS to the serving military. This was highlighted during 2023's Haythornthwaite Review into Armed Forces reward and incentivisation; the Society supports efforts to raise awareness and understanding across the Armed Forces community.

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