



FPS Factsheet

Early Access to Pension



Can I Draw My Preserved/Deferred Pension Early?

Those of you leaving with preserved or deferred pension benefits might be wondering when you can access them. Preserved/deferred pensions are pensions which do not come into payment on discharge from the Armed Forces and are, instead, kept by the scheme until you are entitled to claim them. This factsheet sets out the early payment provisions for all three Armed Forces Pension Schemes (AFPSs) and the Reserve Forces Pension Scheme (RFPS).

First a quick recap on the preserved/deferred pension age for each scheme:

- AFPS 75 preserved pensions are payable at age 60 for pensions earned up to and including 5 April 2006, and age 65 for pension earnings after that date
- AFPS O5 and RFPS preserved pensions are payable age 65
- AFPS 15 deferred pensions are payable at the member's State Pension Age (SPA).

AFPS 75 allows members to draw the proportion of the pension which is due at age 65 as early as age 60 but at a reduced rate. This adjustment is called actuarial reduction, and it takes account of the fact that that part of the pension will be in payment longer than the normal provisions of the scheme envisaged. To illustrate this, if member were to draw the part of their pension due at age 65 at age 60, they would lose about 9% of the pension lump sum and about 23% of the annual pension income.

AFPS O5 and RFPS allows members to draw their preserved pension at any age from 55 – again with actuarial reductions. If a member were to draw their preserved pension at age 55 they should expect the annual pension income to be reduced by about 38% and the lump sum to be reduced by about 16%.



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AFPS 15 also allows members to draw their deferred pension at any age from 55 with actuarial reductions. A member with a SPA of 68 who opts to claim their pension at age 55 should expect to see it reduced by about 48%. If they were, instead, to claim their pension at age 60, the reductions would be about 39%. There is no automatic pension lump sum with this scheme but the member has the option to surrender some of the reduced pension to generate one should they so wish.

There are circumstances where a preserved/deferred pension can be claimed early without reduction, but they are limited. All the schemes discussed in this article contain a rule that would allow the members health and ability to work to be taken into account, and the preserved/deferred benefits paid early if the criteria are met. If, before reaching SPA, a member suffers from ill-health to the extent that they have permanent incapacity for full-time work and this incapacity will continue at least until their scheme's preserved/deferred pension age, they can request early payment of their preserved/deferred pension on ill-health grounds.

So, in summary, each scheme has a provision for preserved or deferred pensions to be claimed early but doing so (other than on ill-health grounds) comes at a cost. It may be that the immediate need for cash makes the cost worthwhile, but it might be worth having a chat with an independent financial advisor before you do so.