

## Busting some myths around Serving/Service Leavers

**Myth:** If you leave Regular service and re-join FTRS, then your AFPS 75 pension and AFPS15 EDP income will be subject to abatement.

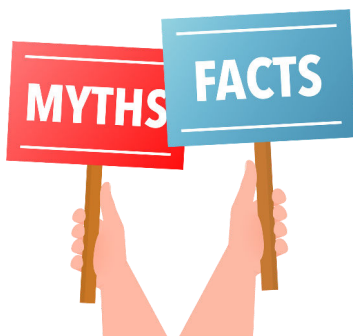
**Fact:** Whilst your AFPS75 pension would be subject to an abatement exercise, AFPS15 EDP income is not abated. There would be no impact on the AFPS 15 EDP and no impact on any of the lump sums you receive, even if you re-joined immediately.

**Myth:** I am eligible for immediate pension benefits and lump sum at exit, AND I have been told that I will receive my lump sum and pension income from Veterans UK the day after I exit the services.

**Fact:** Veterans UK have 30 working days from your retirement date (not including weekends and bank holidays). Therefore, if your final day in service is the 10th of the month, you should not expect your benefits to be paid until 30 working days from this date. Veterans UK will issue you with your 'final award notification letter' and pay your lump sum. Equiniti Paymaster will issue you with a letter informing you of your pension date and an 'Advice of Payment' letter informing you of your monthly payments.

**Myth:** I have to give up 50% of my pension to my ex-spouse.

**Fact:** If you are divorcing and there is likely to be a pension sharing order (PSO) you should not assume that you will be required to give up 50% of your benefits. Armed Forces pensions are very complex especially when it comes to divorce. You should consider using the services of an actuary who can calculate a fair share and this may be lower than 50%.



**Myth:** I've been told Veterans UK won't give me a forecast for my medical discharge until I have submitted my Pen Form 1

**Fact:** Veterans UK will only provide a medical forecast once the Tier award (for AFPS 05 or AFPS 15) and exit date have been decided by a medical board. This decision is not in any way linked to the submission of your Pen Form 1. Additionally, the sections you will need to complete, and the options for how you wish to take elements of your pension benefits, will change dependant on your Tier award. It will be easier to wait until you have received your forecast before submitting the Pen Form 1.

**Myth:** I'm going to be medically discharged so my pension will now be tax free.

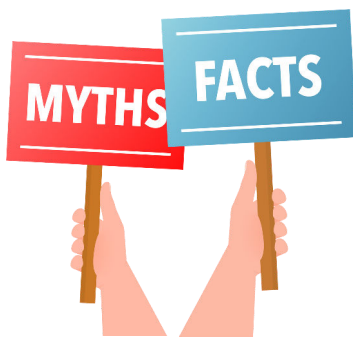
**Fact:** Not always the case. Only if your condition is mainly due to, or worsened by, your Service in the Armed Forces (attributable), you may be entitled to a pension paid without deduction for income tax.

**Myth:** I will pay National Insurance from my pension and/or Early Departure Payments (EDP)

**Fact:** Pension /EDP is not subject to National Insurance deductions.

**Myth:** I am 38 years old, I joined the Armed Forces in 2003 and I am about to be Medically Discharged on Tier 1 as an OR4, before I reach my 22 year point. I have been told that even though I haven't reached my 22 year point I will receive an OR9 immediate pension and AFPS 15 EDP lump sum and EDP income.

**Fact:** That's not correct, however, as you are to be Medically Discharged, under AFPS 75 you will receive an OR4 (not OR9) ill-health immediate pension (known as a Service Invaliding Pension (SIP)) and tax-free lump sum, even though you have not reached your immediate pension point. In addition, because you will be leaving service before reaching your 20/40 point (i.e. 20 years' qualifying service and aged 40) your Tier 1 medical discharge will attract a tax-free lump sum payment for your accrued service in AFPS 15. You will also qualify for a deferred pension from AFPS 15 which will be payable in full from your State Pension Age.



**Myth:** I am a Warrant Officer and will be retiring from the Armed Forces at the age of 48 after 25 years' service, having been a member of AFPS 75 and AFPS 15. I have been told that I will receive a second lump sum at age 55, could you tell me how much that will be?

**Fact:** As a member of AFPS 75 and AFPS 15 there is no second lump sum payable at age 55. When you leave the Armed Forces you will receive immediate benefits from AFPS 75 and AFPS 15.

- The AFPS 75 immediate pension will comprise an annual pension and a terminal grant (tax-free lump sum) equivalent to three times the annual pension. You will have the option if you wish to increase the lump sum by taking resettlement commutation, however if you do this your AFPS 75 pension income will be reduced as a result until age 55 (essentially to 'repay' the element you commuted). At age 55 the repayment is complete and your full pension is then restored.
- In addition to your AFPS 75 immediate pension benefits, because you have completed more than 20 years' service and are over 40 years old, you will also receive an Early Departure Payment (EDP) from AFPS 15 immediately on discharge from the Armed Forces. This consists of an EDP annual income and a tax-free lump sum. The EDP income will be paid until you reach your State Pension Age at which point the EDP income will stop and your AFPS 15 pension will be payable (this will be in addition to your AFPS 75 pension which will be ongoing). There is no automatic tax-free lump sum payable with the AFPS 15 pension, but you can opt to create one if you wish by commuting an amount of the pension. If you choose to do this, your AFPS 15 pension would be reduced for life.

**Myth:** I am being medically discharged and understand that my pension will be tax-free.

**Fact:** This is not true. Your pension is only paid tax-free if the reason for your medical discharge is attributable to your military service. Attributability is assessed automatically if you leave with a pension in payment and you will be informed by Veterans UK of the outcome between 6 and 8 months after your medical discharge