



Rt Hon James Murray MP, Chief Secretary to the Treasury

4<sup>th</sup> November 2025

Dear Minister,

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

I write as the Chief Executive of the 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 veterans, from across the Armed Forces community.

Without wishing to make a habit of communicating with your office, I feel compelled to write again since this subject is of such vital importance, and the potential consequences of an ill-informed decision too severe, to wait until the outcome of the Autumn Budget Statement.

After I wrote before last year's Budget regarding possible reductions in the pension tax-free Lump Sum Allowance (LSA) level (11 Oct 24), I and members of the FPS, along with the wider military community, were reassured by the content and tone of Torsten Bell's response (19 Jun 25). However, rumours have persisted that the Government might choose to change the basis upon which many Service personnel (serving and veterans) have planned their financial future. Such a decision would run counter to the letter and spirit of the Armed Forces Covenant and could trigger a significant spike in resignations, leading to a loss of many in key leadership positions, and vital medical and dental capabilities.

Rather than rehearse arguments I have previously put forward, I would instead impress the need for fairness for the Armed Forces community, both serving and veterans. This is not a plea for favoured treatment, but for recognition of the impact on retention and trust between those who govern and those who serve or have served. At a time when national defence needs are of such vital importance and recruitment and retention are so critical to our security, this risk is not in the national interest.

Our Armed Forces continue to do their duty and serve their country. But to preserve such commitment, enough military personnel need to be recruited, retained and remain motivated. Wise judgment is required before taking any decisions that could undermine this fragile bond. We can't afford this issue to become an annual round of uncertainty that undermines their trust and confidence.

Yours sincerely,

*Neil Marshall*



Copy to:

Louise Sandher-Jones MP, Minister for Veterans and People

General Dame Sharon Nesmith DCB ADC (Gen), Vice Chief of the Defence Staff

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