


Pension Calculator

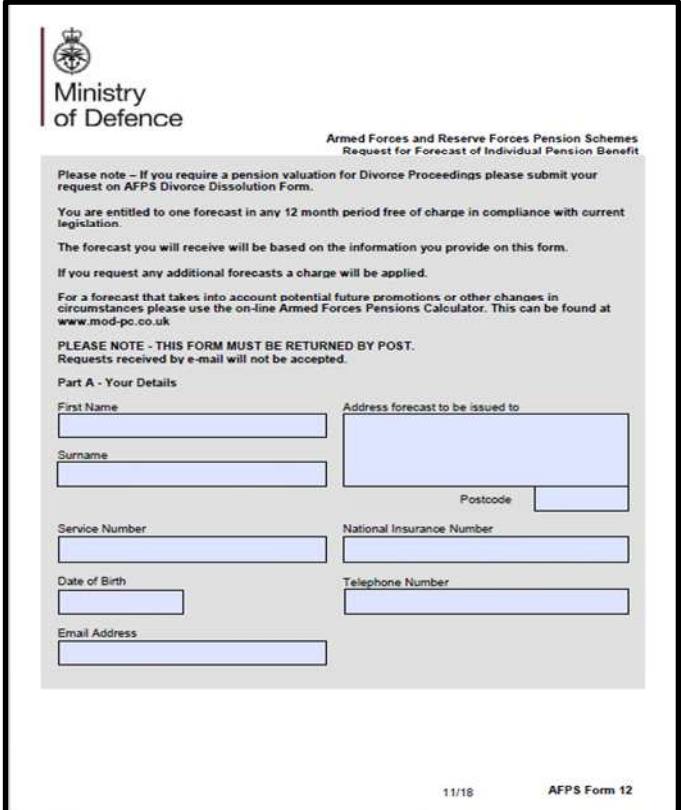
**A Step-by-Step Guide on how
to use the Armed Forces
Pension Calculator**

Scope

- General
- What do I need?
- **Step-by-Step guide 1:** Completing the AFPS Pension Calculator Forecast ?
- **Step-by-Step guide 2:** Saving your forecast
- **Step-by-Step guide 3:** Understanding the Pension Calculator Forecast ?
- Further advice and guidance

General

- This guide has been provided to assist you in using and understanding the Armed Forces Pension Scheme (AFPS) Calculator.
- The forecast that YOU complete will be based on the information that YOU put into the calculator. YOU are the one person who is best placed to know about your past, current and future service in the Armed Forces.
- If you don't understand any of the fields within the calculator, click on the following icon for more details: 
- The forecast will give you the best case scenario based on the information YOU have provided, for a more accurate forecast submit an [AFPS Form 12](#) to Veterans UK (you are entitled to one free per year).
- **Limitations.** There are limitations for some Service personnel who won't be able use the Pension Calculator. Those groupings are annotated at para 5 of the Terms and Conditions. - - - - -



Ministry of Defence

Armed Forces and Reserve Forces Pension Schemes
Request for Forecast of Individual Pension Benefit

Please note – If you require a pension valuation for Divorce Proceedings please submit your request on AFPS Divorce Dissolution Form.

You are entitled to one forecast in any 12 month period free of charge in compliance with current legislation.

The forecast you will receive will be based on the information you provide on this form.

If you request any additional forecasts a charge will be applied.

For a forecast that takes into account potential future promotions or other changes in circumstances please use the on-line Armed Forces Pensions Calculator. This can be found at www.mod-pc.co.uk

PLEASE NOTE - THIS FORM MUST BE RETURNED BY POST.
Requests received by e-mail will not be accepted.

Part A - Your Details

First Name Address forecast to be issued to

Surname

Postcode

Service Number National Insurance Number

Date of Birth Telephone Number

Email Address

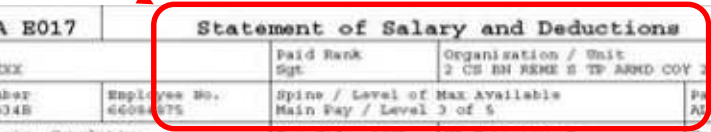
11/18 AFPS Form 12

The calculations on the Armed Forces Pension Scheme Calculator are for guidance purposes only and not intended to provide you with financial advice. It is strongly advised that you read the Terms and Conditions. Click [here](#) to read the Terms and Conditions

What do I need?

- To complete an Armed Forces Pension Scheme (AFPS) forecast you will need the following:
 - A computer, tablet or mobile phone with internet access (intranet or internet).
 - Your rates of pay from 2015 (including your supplementary level and increment level); this information is contained in your Statement of Salary and Deductions (Pay Statement!). **Your Unit HR can assist.**
 - The following key dates:

- Date of Birth
- Date of Entry or Enlistment
- Anticipated date of leaving the Service
- Dates for ALL promotions



JPA E017		Statement of Salary and Deductions			FEB 2016	
Name DOYLEXXX		Paid Rank Sgt	Organization / Unit 2 CS BN RME S TP ARMD COY 2	Pay Date 29-FEB-16	Page 1 of 2	
NI Number FE774834E	Employee No. 6608475	Spine / Level of Max Available Main Pay / Level 3 of 5	Payroll Type PL			
Tax Basis: Cumulative	Tax Codes: 392L	NI Category: D	Uniform Tax Relief: 0.00			
Balances Current Period	Value	Balances Current Tax Year	Value			

Top Tip

This is ALL about YOU, you hold all the key information required for a pension forecast

Step-by-Step guide 1:

Completing the AFPS Pension Calculator Forecast

- Go to: <http://mod-abc.co.uk/>

- Click on Pension Calculator

- Read the 'welcome and introduction' page to the Pension Calculator.

- Watch the ServicetoCivvy short video (optional).

- Click on and read the Terms and Conditions (essential).

- Tick that you have read the Terms and Conditions.

- Click Continue.

ARMED FORCES

ROYAL NAVY ARMY ROYAL AIR FORCE

Welcome to the Armed Forces Pension, Annual Allowances and Scheme Pays Calculator

Pension Calculator

The Pension and Annual Allowance Calculator is for guidance purposes only. It is not intended to provide you with financial advice.

Scheme Pays Calculator

The Scheme Pays Calculator is for guidance purposes only.

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V26.1.1

ROYAL NAVY ARMY ROYAL AIR FORCE

Welcome to the Pension and Annual Allowance Calculator

The Armed Forces Pension and Annual Allowance Calculator (AFPAC) includes a projection of benefits from the Armed Forces Pension Schemes. This calculator is designed to be used by Regular Service, MPGS and Reservist personnel including those with Transitional Protection.

To promote the armed forces pension schemes, Veterans UK have launched a campaign to encourage Service Personnel, Veterans and their families to get 'Pension Ready'. If you've earned it, you apply for it, we'll pay it. A short video below explains the 'Service to Civvy' campaign.

The YouTube video on this page is designed to work on the Internet. If you are using the calculator through DII the correct video link is available [here](#).

The Armed Forces Pension Calculator site uses cookies to make the site simpler. [Find out more about cookies](#)

The calculations provided are for guidance purposes only and not intended to provide you with financial advice. It is strongly advised that you read the Terms and Conditions. [Click here](#) to read the Terms and Conditions.

I have read and accept the Terms & Conditions (You have to accept the Terms & Conditions to continue)

Continue >

PENSION CALCULATOR

and Annual Allowance Calculator 2016 V26.1.1



Please click the (?) icon to find out more details

I Want to ...

- Make a new projection
- Use the data from my previous projection that has been stored on my computer as a cookie
- Use saved projection (?)

< Back

Continue >

- Choose 'Make a new projection'
- Click Continue

- Populate the drop down lists
- Click Continue when completed

Top Tip
Remember, you know your information, all you are doing is selecting the options that fit your criteria

PENSION CALCULATOR

and Annual Allowance Calculator 2016 V26.1.2



Please click the (?) icon to find out more details

Personal Details (?)

1. Service (?)

--Please select--

2. Engagement type (?)

--Please select--

3. Rank (?)

--Please select--

4. Date of birth (dd/mm/yyyy) (?)

DD/MM/YYYY

5. Date of Entry or Enlistment (dd/mm/yyyy) (?)

DD/MM/YYYY

6. Anticipated date of leaving Service (dd/mm/yyyy) (?)

DD/MM/YYYY

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DROP DOWN LIST

Top Tip

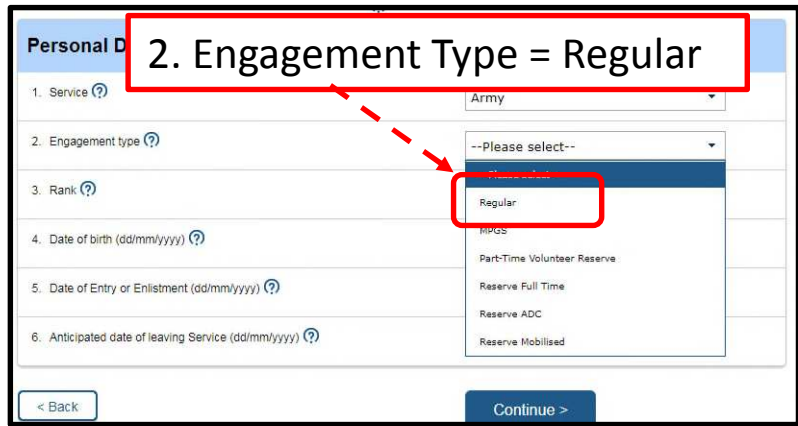
If you are unsure of any of the fields that you need to populate click the following icon:



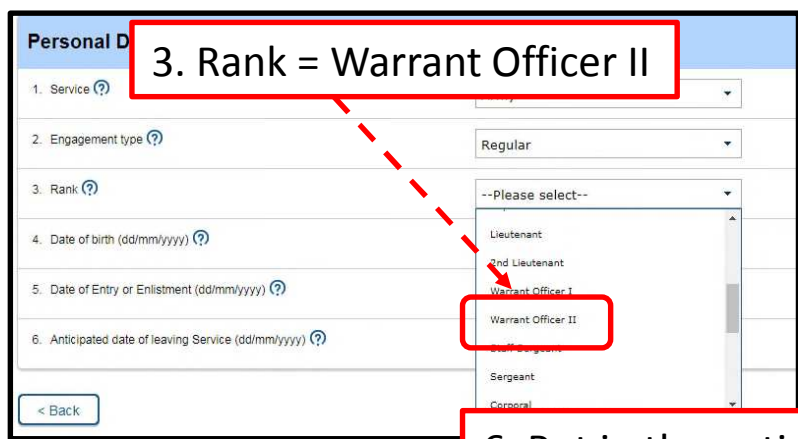
1. Service = Army



2. Engagement Type = Regular



3. Rank = Warrant Officer II



4. Put in your Date of Birth

5. Put in your date of entry or enlistment



6. Put in the anticipated date of leaving the Service (see slide 9)

PENSION CALCULATOR

and Annual Allowance Calculator 2016 V26.1.1



Please click the  icon to find out more details

Personal Details

1. Service 	Army
2. Engagement type 	Regular
3. Rank 	Warrant Officer II
4. Date of birth (dd/mm/yyyy) 	14/08/1987
5. Date of Entry or Enlistment (dd/mm/yyyy) 	13/09/2003
6. Anticipated date of leaving Service (dd/mm/yyyy) 	13/08/2027

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Continue >

- Click Continue

An Army WO2 (OR8) has been selected as an example for this indicative forecast.

Top Tip
Ensure this date is at or past the full eligibility point for your pension (i.e. AFPS 15 = 20(+) years service and 40(+) years of age).

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V26.1.1

Please click the ? icon to find out more details

Which Scheme ?

1. Which Pension Scheme are you a member of

--Please select--

--Please select--
AFPS 05/15
AFPS 75/15

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- This next screen select the AFPS you are a member of

Based on your date of enlistment the calculator will give you a series of options, in this case the subject was initially AFPS 75 but was transferred onto AFPS 15 = AFPS 75/15

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V26.1.1

Please click the ? icon to find out more details

Which Scheme ?

1. Which Pension Scheme are you a member of

AFPS 75/15

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Continue >

- Click Continue

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V26.1.1

Please click the ? icon to find out more details

Breaks in Service ?

1. Have you had any breaks in service or periods of unpaid service including: career breaks; detention; and those who left and rejoined the Service? If you have a preserved pension under AFPS 75 and have completed the 'Rejoiner' questions and entered the amount of service to be transferred, do not re-input this same information in the Break in Service section. ?

No

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Continue >

- If you have had breaks in service select 'Yes' and populate the dates
- Select Continue

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V26.1.1

Please click the (?) icon to find out more details

Regular Current Service History for 01/04/2015 - 12/11/2018 (?)

1. Rank on 01/04/2015 (?)

2. Were you on Stand Still Rate of Pay (SSRP) or Specially Determined Rate of Pay (SDRP) (?)

--Please select--

 Standard
 Nurses
 Professional Aviators
 Special Forces

Top Tip
 The majority of Service personnel will select STANDARD, only select Nurse, Aviator, Special Forces etc..... if you are in that grouping. If you are in any doubt of this information please check with Unit HR

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V26.1.1

Please click the (?) icon to find out more details

Regular Current Service History for 01/04/2015 - 12/11/2018 (?)

1. Rank on 01/04/2015 (?)

2. Were you on Stand Still Rate of Pay (SSRP) or Specially Determined Rate of Pay (SDRP) (?)

3. Pay Table Paid From (?)

4. High or Low Band

5. Increment Level (?)

- You will now be asked to confirm your RANK and pay level between 1 Apr 15 and the current day.

- This is to establish the rank and level of pay when transitioning onto AFPS 15 and any other movement (promotion and pay supplement) to the current date.

- The calculator will automatically understand and work out what you have accrued from your legacy pension (in this example, AFPS 75)- more details later in this guide.

- First populate your personal known details as of 1 Apr 15

- Then select 'Add'



Please click the (?) icon to find out more details

Regular Current Service History for 01/04/2015 - 12/11/2018

1. Rank on 01/04/2016

2. Were you on Stand Still Rate of Pay (SSRP) or Specially Determined Rate of Pay (SDRP)

3. Pay Table Paid From

4. Supplement level

5. Increment Level

Rank	Effective date	Increment Level
Staff Sergeant	01/04/2015	Level 2 salary 34829

Top Tip
This information can be found on your Pay Statement

- Now populate details as of 1 Apr 16
- Then select 'Add'
- Repeat process at least one more time.

JPA E017		Statement of Salary and Deductions		FEB 2016	
Name DOYLEXXX	Employee No. 66084675	Paid Rank Sergeant	Organisation / Unit The Parachute Regiment Coy 2	Pay Date 29-FEB-16	Page 1 of 2
MI Number FK774834E		Spine / Level of Max Available Main Pay / Level 3 of 5		Payroll Type AGL	
TAX BASIS: Cumulative		TAX Code: 995L	MI Category: D	Uniform Tax Relief: 0.00	
Balances CURRENT PERIOD		Value	Balances CURRENT TAX YEAR	Value	

- You have now stored the details required for between 1 Apr 15 to the current day.

Top Tip
You need to have added at least two service history data fields to progress

- Select Continue



Please click the (?) icon to find out more details

Regular Current Service History for 01/04/2015 - 12/11/2018

1. Rank

2. Effective date

3. Were you on Stand Still Rate of Pay (SSRP) or Specially Determined Rate of Pay (SDRP)

4. Pay Table Paid From

5. Increment Level

Rank	Effective date	Increment Level
Staff Sergeant	01/04/2015	Level 2 salary 34829
Staff Sergeant	01/04/2016	Level 1 YR 2 salary 38895

This forecast is based on an 'Other Rank'.

Officers forecasts are very similar but will have differing options, i.e: Officers don't have a supplement level...

This is the last screen that requires to be populated. Remember this is a 'forecast'. You can use this to work out your best case or worst case scenario.

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V26.1.1

ROYAL NAVY ARMY ROYAL AIR FORCE

Please click the (?) icon to find out more details

Rank on Leaving Service and all promotional ranks in between

1. Anticipated rank when leaving service (?)	Warrant Officer II
2. Current Warrant Officer II pay table (?)	Standard
3. Supplement level (?)	Supplement Level 1
4. Are you on Stand Still Rate of Pay (SSRP) or Specially Determined Rate of Pay (SDRP) (?)	No
5. Current Warrant Officer II Increment Level	Level 6 YR 1 salary 41822
6. Will you get paid from a different Pay table in the future	No

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Continue >

Top Tip

This information about YOU. You can find your pay related details on your 'Statement of Salary and Deductions'

- Select Continue

Step-by-Step guide 2:

Saving your forecast

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V25.1.1



Personal Details - AFPS 75/15

Service	ARMY
Current rank	Warrant Officer 8 (OR 8)
Date of Enlistment	13/09/2003
Start of Reckonable Service	14/08/2005
Date Pension Age (SPA)	58



Select a Growth Factor: 0% 1.25%

Service Details - AFPS 75/15

Anticipated Date of Leaving	13/08/2027	Anticipated
AFPS 75 Reckonable service length	9 years and 230 days	AFPS 75 length
Final Pensionable salary	45,559	AFPS 75
Age at the end Reckonable Service	49	Warrant

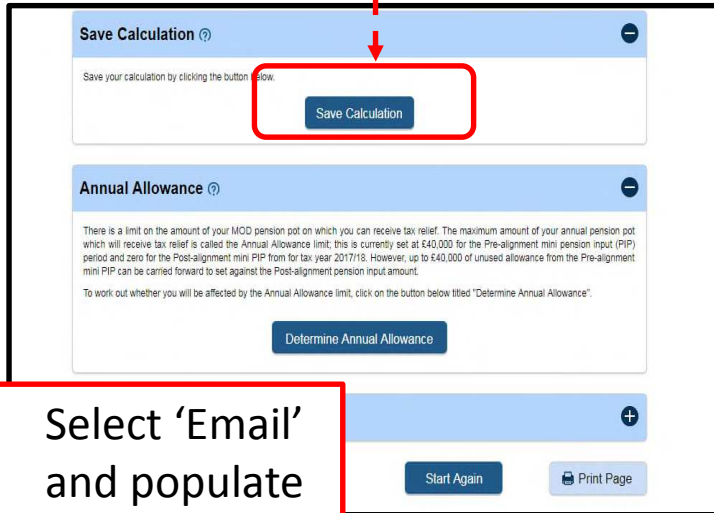
Your forecast

Top Tip
You can print your forecast direct from the computer but it is suggested that the best option would be to email yourself a copy of the forecast and save for future reference.

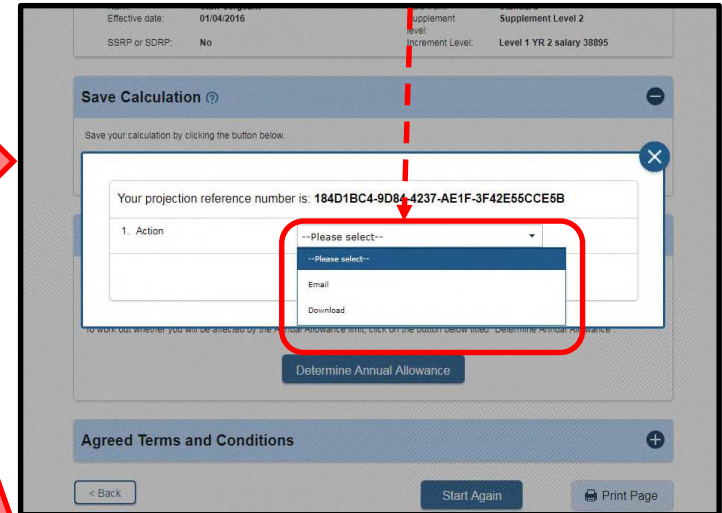
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... long as you have
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... as long as you have
... AFPS 75
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First - save your forecast

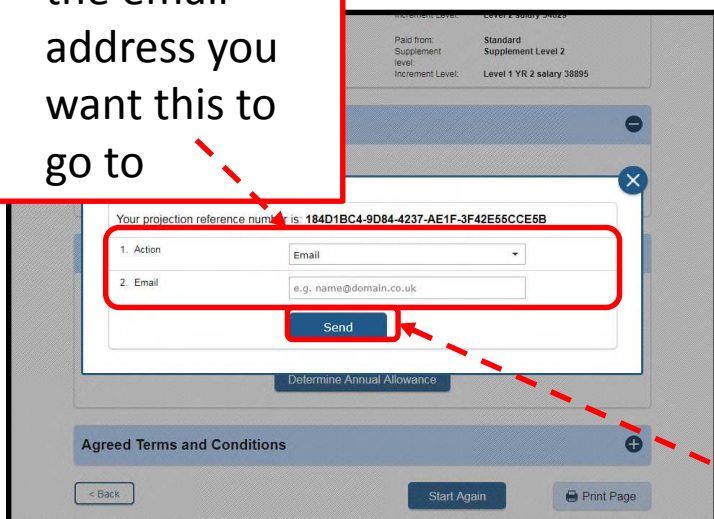
- Go to the bottom of the online forecast and press 'Save Calculation'



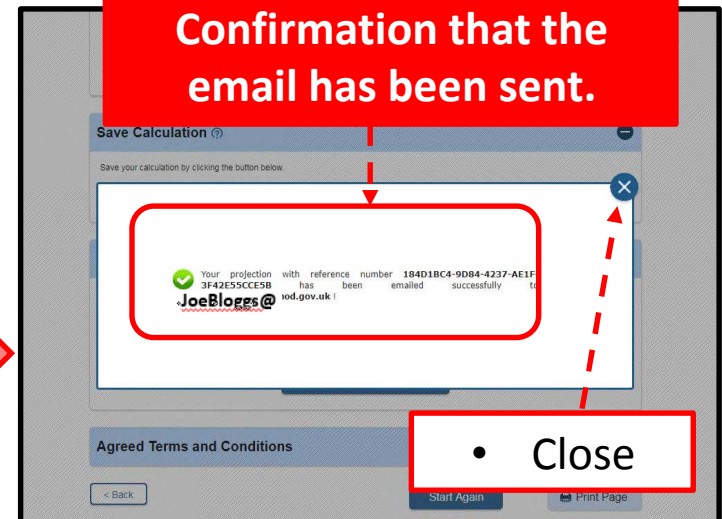
- Dropdown list will appear



- Select 'Email' and populate the email address you want this to go to



Confirmation that the email has been sent.



- Select Send

- Close

Step-by-Step guide 3:

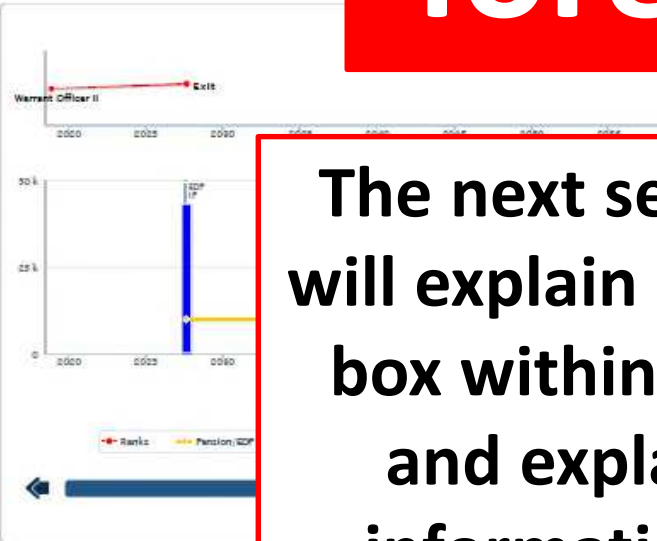
Understanding the Pension Calculator Forecast

PENSION CALCULATOR
and Annual Allowance Calculator 2016 V25.1.1



Personal Details - AFPS 75/15

Service	ARMY
Current rank	Warrant Officer 8 (OR 8)
Date of Enlistment	13/09/2003
Start of reckonable service	14/08/2005
Date Pension Age (SPA)	55



Select a Growth Factor

Service Details - AFPS 75/15

Anticipated Date of Leaving	13/08/2027		
AFPS 75 Reckonable service length	9 years and 230 days	AFPS 15 Reckonable service length	12 years and 136 days
Final Pensionable salary	45,559	AFPS 15 EDP Qualifying Date	13/08/2027
Age at the end Reckonable Service	49	Warrant Officer II paid from	Standard

Your forecast

The next series of slides will explain each separate box within the forecast and explain the key information that you should understand.

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... of unused AA from
... by PIP
... structure, and you
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... long as you have
... this is 12 years
... as long as you have
... AFPS 75
... most period of
... of "relevant service".
... as long as you
... service, this will
... be in no less or
... over the period of
... 15 months and the
... en issued outlining
... Royal Mail
... address. However
... the year. A scheme
... service history
... complete the
... your pension award
... under AFPS 05 or
... deferred pension
... by payment of the
... amount that would
... prevent reduction
... over 3 months at
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The first part of your pension forecast is a summary box based on the information you have inputted.

Personal Details - AFPS 75/15			
Service	ARMY	Engagement type	Regular
Current rank	Warrant Officer II (OR 8)	Date of Birth	14/08/1987
Date of Enlistment	13/09/2003	Current Warrant Officer II Salary	41,822
Start of Reckonable Service	14/08/2005	Are you on Stand Still Rate of Pay (SSRP) or Specially Determined Rate of Pay (SDRP)	No
State Pension Age (SPA)	68		

The calculator reminds you of your State Pension Age (SPA). This is the age when your full deferred pension benefits under AFPS 15 are paid.

This is a visual chart of when your Early Departure Payment (EDP) and pension benefits are in payment



The key is self-explanatory

The growth factor defaults to 0%. You can change the Growth Factor percentages and see your pension benefit value increase. By selecting a Growth Factor of either 1.25%, 2.25% or 3.25% you can see how your pension might grow in the future if earnings growth exceeds price inflation by the given amounts for each year you remain in service.

This bar can be scrolled back to adjust your forecast

Another summary box based on your information that you have inputted into the calculator

In this example the date of exit is the same date as your eligibility to an AFPS 15 Early Department Payment (EDP). If the anticipated date of leaving is before you have completed 20 years service and aged 40 you would not be eligible for an EDP; you will only receive a deferred pension at State Pension Age (SPA)

Service Details - AFPS 75/15			
Anticipated Date of Leaving	13/08/2027	Anticipated Leaving Rank	Warrant Officer II (OR 8)
AFPS 75 Reckonable service length	9 years and 230 days	AFPS 15 Reckonable service length	12 years and 135 days
Final Pensionable salary	45,059	AFPS 15 EDP Qualifying Date	13/08/2027
Age at the end Reckonable Service	40	Warrant Officer II paid from	Standard

Amount of years accrued and secured under AFPS 75

Amount of years accrued under AFPS 15

This is the most important part of the forecast. This section informs you of your forecasted future pension benefits

As this forecast covers split pension schemes (75/15) the benefits are broken down to show you which scheme they come from

Overall value of the benefits

This is your annual payment from the point of discharge until SPA

This is your Lump Sum payment at the point of discharge

This will be your revised annual payment from SPA

Pension Details - AFPS 75/15 ?		
Pension/EDP at Exit	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit	AFPS 75 - Lump Sum	18,210
	AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Deferred Pension at SPA	11,217

Additional Pension Benefits

The next series of slides will explain additional pension benefits as shown on your forecast:

-Overview (Slide 24)

Option 1 **Commutation AFPS 75** (Slide 25)

Worked Example (Slide 26)

Option 1a **Commutation AFPS 15** (Slide 27)

Worked Example (Slide 28)

Option 2 **Inverse Commutation** (Slide 29)

Worked Example (Slide 30)

Option 3 **Early Pension Payment** (Slide 31)

Worked Example (Slide 32)

Top Tip

These additional pension options are your choice based on your own personal needs. If you need extra annual income or wish to generate a larger tax-free lump sum these additional pension benefits can help.

Top Tip
A Lump Sum is tax-free, EDP and Pension income is Taxable

Commutation - AFPS 75/15

If you opt to **inversely commute** your AFPS 15 EDP Lump Sum

	AFPS 75	AFPS 15	Total
Total increased AFPS 15 EDP income by inverse commutation	0	5,250	5,250

If you opt for maximum Commutation

	AFPS 75	AFPS 15	Total
Commutation additional lump sum payable at Exit	9,535	0	9,535
Commutation total lump sum payable at SPA	0	48,072	48,072
Reduced Immediate Pension (until age 55)	5,155	0	5,155
Reduced Deferred pension at SPA	0	7,211	7,211

Option 2 Commutation
 Is when you give up part of your pension income in return for a tax-free lump sum, if you leave before age 55.

Option 1 - Inverse Commutation
 Is when you exchange all of your tax-free EDP lump sum for an increase in the amount of monthly EDP income (until SPA when your AFPS 15 deferred pension begins).

Option 1 - Commutation AFPS 75

Commutation - AFPS 75/15			
If you opt to inversely commute your AFPS 15 EDP Lump Sum			
	AFPS 75	AFPS 15	Total
Total increased AFPS 15 EDP income by inverse commutation	0	5,250	5,250
If you opt for maximum Commutation			
	AFPS 75	AFPS 15	Total
Commutation additional lump sum payable at Exit	9,535	0	9,535
Commutation total lump sum payable at SPA	0	48,072	48,072
Reduced Immediate Pension (until age 55)	5,155	0	5,155
Reduced Deferred pension at SPA	0	7,211	7,211

Pension Details - AFPS 75/15		
Pension/EDP at Exit		
AFPS 75 - Immediate Pension	6,070	9,084
AFPS 15 - Early Departure Payment	3,014	
Lump Sum at Exit		
AFPS 75 - Lump Sum	18,210	43,448
AFPS 15 - Early Departure Lump Sum	25,238	
Deferred Pension at SPA		
AFPS 75 - Immediate Pension	6,070	17,287
AFPS 15 - Deferred Pension at SPA	11,217	

In this example you could surrender some of your AFPS 75 Immediate Pension of **£6,070** to increase your Lump Sum (Tax-Free) by **£9,535**. This will reduce your Immediate Pension to **£5,155** until the age of 55.

The new annual benefits from exit till age 55 would now be reduced to

£5,155 + £3,814 = £8,969

New (Tax-Free) Lump Sum of £9,535 is now added to

£18,210 + £25,238 = £52,983

Top Tip

Do the sums to understand how much you could gain or lose in the long term – remember a Lump Sum is Tax-Free

Option 1 Worked Example – Commutation AFPS 75

Pension Details - AFPS 75/15		
Pension/EDP at Exit:		9,884
	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit		43,448
	AFPS 75 - Lump Sum	18,210
	AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA		17,287
	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Deferred Pension at SPA	11,217

Commutation - AFPS 75/15			
If you opt to inversely commute your AFPS 15 EDP Lump Sum			
	AFPS 75	AFPS 15	Total
Total increased AFPS 15 EDP income by inverse commutation	0	5,250	5,250
If you opt for maximum Commutation			
	AFPS 75	AFPS 15	Total
Commutation additional lump sum payable at Exit	9,535	0	9,535
Commutation total lump sum payable at SPA	0	48,072	48,072
Reduced Immediate Pension (until age 55)	5,155	0	5,155
Reduced Deferred pension at SPA		7,211	7,211

Immediate Pension

New Immediate Pension (after commutation)

Difference

£6,070

£5,155

£915

Age of exit = 40

Years till 55 = 15

£915 X 15 = £13,725 (this is the taxable amount you would be surrendering over 15 years) to generate a tax-free lump sum of £9,535

New (Tax-Free) Lump Sum is now £18,210 (AFPS 75) + £25,238 (AFPS 15) + £9,535 (commuted in AFPS 75) = £52,983

Option 1a - Commutation AFPS 15

Commutation - AFPS 75/15			
If you opt to inversely commute your AFPS 15 EDP Lump Sum			
	AFPS 75	AFPS 15	Total
Total increased AFPS 15 EDP income by inverse commutation	0	5,250	5,250
If you opt for maximum Commutation			
	AFPS 75	AFPS 15	Total
Commutation additional lump sum payable at Exit	9,535	0	9,535
Commutation total lump sum payable at SPA	0	48,072	48,072
Reduced Immediate Pension (until age 55)	5,155	0	5,155
Reduced Deferred pension at SPA	0	7,211	7,211

Pension Details - AFPS 75/15	
Pension/EDP at Exit	9,884
AFPS 75 - Immediate Pension	6,070
AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit	43,448
AFPS 75 - Lump Sum	18,210
AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA	17,287
AFPS 75 - Immediate Pension	6,070
AFPS 15 - Deferred Pension at SPA	11,217

In this example what you would be doing, at SPA, is surrendering some of your AFPS 15 Deferred Pension of **£11,217** to generate a NEW Lump Sum (Tax-Free) of **£48,072** paid at SPA (68). This will reduce your Deferred Pension at SPA to **£7,211** (depending on growth) for life.

The new annual benefits from SPA would now be reduced to **£6,070 + £7,211 = £13,281** instead of **£17,287**

But you have generated a NEW (Tax-Free) Lump Sum of £48,072

Top Tip x 3

1. Do the sums to understand how much you could gain or lose in the long term – remember a Lump Sum is Tax-Free.
2. At State Pension Age you will also begin receiving your State Pension 😊.
3. All the figures above are based on maximum commutation, you could take less.

Option 1a Worked Example – Commutation AFPS 15

Armed Forces Pension lifespan is worked out on an individual living until age 86

Pension Details - AFPS 75/15		
Pension/EDP at Exit		9,884
	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit		43,448
	AFPS 75 - Lump Sum	18,210
	AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA		17,287
	AFPS 75 - Immediate Pension	5,378
	AFPS 15 - Deferred Pension at SPA	11,217

Commutation - AFPS 75/15			
If you opt to inversely commute your AFPS 15 EDP Lump Sum			
	AFPS 75	AFPS 15	Total
Total increased AFPS 15 EDP income by inverse commutation	0	5,250	5,250
If you opt for maximum Commutation			
	AFPS 75	AFPS 15	Total
Commutation additional lump sum payable at Exit	9,535	0	9,535
Commutation total lump sum payable at SPA	0	48,072	48,072
Reduced Immediate Pension (until age 55)	5,155	0	5,155
Reduced Deferred pension at SPA	0	7,211	7,211

Deferred Pension

£11,217

New Deferred Pension (after commutation)

£7,211

Difference

£4,006

State Pension Age = 68

Years till 86 = 18

£4,006 X 18 = £72,108 (this is the potential **taxable** amount you would be surrendering, depending how long you live) to generate a tax-free lump sum of

£48,072

Option 2 - Inverse Commutation

Commutation - AFPS 75/15			
If you opt to inversely commute your AFPS 15 EDP Lump Sum			
	AFPS 75	AFPS 15	Total
Total increased AFPS 15 EDP income by inverse commutation	0	5,250	5,250
If you opt for maximum Commutation			
	AFPS 75	AFPS 15	Total
Commutation additional lump sum payable at Exit	9,535	0	9,535
Commutation total lump sum payable at SPA	0	48,072	48,072
Reduced Immediate Pension (until age 55)	5,155	0	5,155
Reduced Deferred pension at SPA	0	7,211	7,211

In this example what you would be doing is surrendering your AFPS 15 (Tax-Free) EDP Lump Sum of **£25,238** to increase your monthly AFPS 15 EDP income from **£3,814** to **£5,250**

The new annual benefits from exit till SPA would now be
 $£6,070 + £5,250$
= £11,320

Pension Details - AFPS 75/15		
Pension/EDP at Exit		9,804
	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit		43,448
	AFPS 75 - Lump Sum	18,210
	AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA		17,287
	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Deferred Pension at SPA	11,217

Top Tip
Do the sums to understand how much you could gain or lose in the long term – remember a Lump Sum is Tax-Free

Option 2 Worked Example – Inverse Commutation

Pension Details - AFPS 75/15		
Pension/EDP at Exit		9,884
	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit		43,448
	AFPS 75 - Lump Sum	18,210
	AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA		17,287
	AFPS 75 - Immediate Pension	6,070
	AFPS 15 - Deferred Pension at SPA	11,217

Commutation - AFPS 75/15			
If you opt to inversely commute your AFPS 15 EDP Lump Sum			
	AFPS 75	AFPS 15	Total
Total increased AFPS 15 EDP income by inverse commutation	0	5,250	5,250
If you opt for maximum Commutation			
	AFPS 75	AFPS 15	Total
Commutation additional lump sum payable at Exit	9,535	0	9,535
Commutation total lump sum payable at SPA	0	48,072	48,072
Reduced Immediate Pension (until age 55)	5,155	0	5,155
Reduced Deferred pension at SPA	0	7,211	7,211

Early Departure Payment

£3,814

New Early Departure Payment (after inverse commutation)

£5,250

Difference

£1,436

Age of exit = 40

Years till SPA = 28

£1,436 X 28 = £40,208 (this is the overall taxable benefit you would be gaining).

£25,238 (this is the potential tax-free amount you would be surrendering) to generate a an extra £1,436 per annum in EDP until your SPA.

Option 3 - Early Pension Payment

Early payment of pension with actuarial reduction ?

If you opt to receive your AFPS 15 deferred pension before your SPA and on or after the age of 55 the pension values would be actuarially reduced depending on what age you wish to take them as shown in the table. Your AFPS75 Immediate pension is currently in payment so does not show in the below table.

Age	Lump Sum	Pension
55	Not applicable	5,351
56	Not applicable	5,634
57	Not applicable	5,931
58	Not applicable	6,240
59	Not applicable	6,575
60	Not applicable	6,949
61	Not applicable	7,336
62	Not applicable	7,762
63	Not applicable	8,226
64	Not applicable	8,716
65	Not applicable	9,257
66	Not applicable	9,850
67	Not applicable	10,508

Pension Details - AFPS 75/15 ?

Pension/EDP at Exit	9,884
AFPS 75 - Immediate Pension	6,070
AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit	43,448
AFPS 75 - Lump Sum	18,210
AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA	17,287
AFPS 75 - Immediate Pension	6,070
AFPS 15 - Deferred Pension at SPA	11,217

This only affects the AFPS 15 element. This box illustrates the amount of Pension you would receive if you decided to take your pension payments early.

In this example if you decided to take your pension early from age 55 you would still be receiving your EDP of **£3,814** (until SPA) plus the **£5,351**. However from SPA your pension would not increase to **£11,217**.
Your new Pension benefits (from SPA) would be **£6,070 (AFPS 75) + **£5,351** (AFPS 15) = **£11,421****

Top Tip
Do the sums to understand how much you could gain or lose in the long term

Option 3 – Early Pension Payment

Early payment of pension with actuarial reduction ?

If you opt to receive your AFPS 15 deferred pension before your SPA and on or after the age of 55 the pension values would be actuarially reduced depending on what age you wish to take them as shown in the table. Your AFPS75 Immediate pension is currently in payment so does not show in the below table.

Age	Lump Sum	Pension
55	Not applicable	5,351
56	Not applicable	5,654
57	Not applicable	5,957

Pension Details - AFPS 75/15 ?

Pension/EDP at Exit	9,884
AFPS 75 - Immediate Pension	6,070
AFPS 15 - Early Departure Payment	3,814
Lump Sum at Exit	43,448
AFPS 75 - Lump Sum	18,210
AFPS 15 - Early Departure Lump Sum	25,238
Deferred Pension at SPA	17,287
AFPS 75 - Immediate Pension	6,070
AFPS 15 - Deferred Pension at SPA	11,217

Early Pension Payment at **55**

Age of early pension = 55
Years till SPA = 13

$£5,351 \times 13 = £69,563$ (this is the overall **taxable** benefit you would be gaining from 55 to SPA).

Original Deferred Pension
Early Pension Payment

State Pension Age = 68
Years till 86 = 18

$£5,866 \times 18 = £105,588$ (this is the potential **taxable** amount you would be forfeiting) to receive your Early Pension Payment from age 55.

You gained $£69,563$ but forfeited $£105,588$ - an overall potential net loss of $£35,995$.

£5,351

£11,217

£5,351

Difference

£5,866

**This next box is just a summary
of the information that you
have already provided**

Service History

Engagement type:	Regular - AFPS 75/15	Period:	13/09/2003 - 12/11/2018
Rank:	Staff Sergeant	Paid from:	Standard
Effective date:	01/04/2015	High or Low	Low
SSRP or SDRP:	No	Band:	
		Increment Level:	Level 2 salary 34829
Rank:	Staff Sergeant	Paid from:	Standard
Effective date:	01/04/2016	Supplement	Supplement Level 2
		level:	
SSRP or SDRP:	No	Increment Level:	Level 1 YR 2 salary 38895

This final section is a copy of the Agreed Terms and Conditions.

Agreed Terms and Conditions

REFERENCES

- Your Pension Scheme Explained AFPS 75
- Your Pension Scheme Explained AFPS 05
- Outline Scheme design of Armed Forces Pension Scheme 2015
- Final Scheme Agreement of Armed Forces Pension Scheme 2015

PLEASE NOTE: Senior Officers and Senior MODOs pay and pension codes for 2018 will be delayed until published by the AFPRB.

TERMS AND CONDITIONS

1. The Armed Forces Pension and Annual Allowance Calculator (AFPAAC) is for guidance purposes only and has a 2% error margin. It is not intended to provide you with financial advice. If you require financial advice, you should contact an independent financial adviser. Your unit administration staff have a list of Services Insurance and Investment Advisory Panel (SIAP) approved independent financial advisers, although you are free to use any independent financial adviser that you wish. The forecasts that the calculator provides are for active members and based on 2018 pension codes and 2018 pay rates. Reference to a 'preserved' or 'deferred' pension throughout the Calculator has the same meaning i.e. 2 or more pensionable years of service but not qualifying for an immediate pension.

NEW EMPLOYMENT MODEL (NEM) PAY EFFECTIVE FROM 1 APR 16

2. The NEM Pay has replaced Pay 2000 and will move Other Ranks from High/Low bands to a single rank based pay spine with four pensionable supplement levels. Both Officer and Other Ranks Increment Levels will be reduced in most cases and adjusted for all ranks from OF6 to OR1. This new model is included in the Calculator for projections made on or after 1 Apr 16.

CAREER AVERAGE REVALUED EARNINGS (CARE)

3. AFPS 15 pension entitlements will be based on Career Average Revalued Earnings (CARE) rather than final pensionable earnings for (AFPS 05) and (RFPS 05) or representative pay rates (AFPS 75). This is reflected in the calculator where Service personnel can input a range

19. The calculator will calculate your pensionable earnings based on your current and projected pay rates. It will also calculate your pensionable earnings based on your current and projected pay rates. It will also calculate your pensionable earnings based on your current and projected pay rates. It will also calculate your pensionable earnings based on your current and projected pay rates.

AGGREGATION OF PREVIOUS ARMED FORCES PRESERVED PENSION AWARDS AND LEGACY PRESERVED PENSION AWARDS

20. The rules outlining your options when you rejoin the Armed Forces are complex and unique to your personal circumstances. If you are unsure what service is included in your forecast calculation you are advised to contact Veterans UK for further advice. DfN 2015 01-2023 and DfN 2014 01-110 have been issued outlining the relevant scheme rules on re-joining and aggregating periods of service and legacy periods of service. You are strongly advised to consult these DfNs if you have prior periods of service. If you wish to contact Veterans UK or aggregate

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Armed Forces with previous AFPS 75

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Top Tip
Have a read, it is full of useful supporting documentation and references

Further advice and guidance

- **Unit HR** – Will be able to assist/signpost you.
- **Veterans UK helpline - 0800 085 3600**
 - Request the free yearly pension forecast by submitting an [AFPS Form 12](#) to Veterans UK.
- **Independent Financial Advisor** - For advice on the best options for your personal circumstances.