
STATUTORY INSTRUMENTS

2014 No. 2328

**The Armed Forces Early Departure
Payments Scheme Regulations 2014**

PART 2

Early departure payments

Eligibility for early departure payments

8.—(1) A person is eligible for payments under regulation 9 (entitlement to early departure payments) if the person meets conditions A to E.

(2) Condition A is that the person is a member of the regular forces, other than an excluded person.

(3) Condition B is that the person ceases to be in service as a member of the regular forces on or after attaining the age of 40 and before attaining normal pension age.

(4) Condition C is that the person has completed at least 20 years, continuous or aggregated qualifying service in the regular forces, in accordance with regulation 7 (meaning of “qualifying service”).

(5) Condition D is that the person is not entitled to the immediate payment of a pension under—

(a) regulation 51 (entitlement to ill-health pension: active members with permanent serious ill-health) of the AFPS 14 regulations, or

(b) regulation 52 (entitlement to ill-health pension: active members with significant impairment of capacity for gainful employment) of the AFPS 14.

(6) Condition E is that the person is not entitled to a payment under regulation 19 (lump sum awards: incapacity for armed forces service) which the scheme administrator determines should be paid instead of a payment under regulation 9 (entitlement to early departure payments).

(7) In paragraph (2) “excluded person” means—

(a) any person, the terms of whose service excludes that person from eligibility for payments under regulation 9, unless the Secretary of State has agreed to treat that person as if their terms of service do not exclude them; and

(b) a person who is not an active member of the AFPS 14.

Entitlement to early departure payments

9.—(1) A person who is eligible to become entitled to payments under this regulation in accordance with regulation 8 (eligibility for early departure payments) becomes so entitled from the time that the person ceases to be in service as a member of the regular forces.

(2) An eligible person is entitled under this regulation to—

(a) a lump sum payment; and

- (b) periodical payments in respect of the period beginning with the day following the cessation of service as a member of the regular forces and ending with the day before the person's deferred pension age under the AFPS 14.
- (3) The lump sum is payable before the expiry of the period of 3 months beginning with the day on which the person ceases to be a member of the regular forces.
- (4) The periodical payments are to be made at monthly intervals in arrears.

Amount of early departure payments

10.—(1) The annual amount of the periodical payments payable to an eligible person is the sum of—

- (a) the basic amount; and
- (b) the additional service allowance.

(2) The basic amount is an amount equal to 34% of the provisional annual amount of the person's deferred pension under the AFPS 14 at the point of exit had the person been a member of that scheme for the whole of their period of qualifying service (whether or not that is the case).

(3) The additional service allowance is an amount equal to 0.85% of the provisional amount of the person's deferred pension under the AFPS 14 for every full year served as a member of the regular forces beyond the 20 year service and age 40 qualification point at the cessation of membership of the regular forces, had the person been a member of the AFPS 14 for the whole of their period of qualifying service.

(4) The amount of the lump sum is the provisional amount of the member's deferred pension under the AFPS 14 at the point of cessation of the member's service in the regular forces multiplied by 2.25, or would have been if they had been a member of the AFPS 14 for the whole of their period of qualifying service (whether or not that is the case).

(5) In the case of a person who would be an excluded person for the purposes of regulation 8 (eligibility for early departure payments), apart from the Secretary of State agreeing as mentioned in regulation 8, the amounts of the payments under this regulation are to be reduced by such amount as the scheme manager considers appropriate, after consultation with the scheme actuary.

(6) In the case of a person who has not been a member of the AFPS 14 for the whole of their period of qualifying service, the amount of the periodical payments or lump sum to which the person would have been entitled had the person been such a member for that period, is to be such amount as the scheme manager considers appropriate after consultation with the scheme actuary.

Option to convert the entire lump sum payment into additional monthly payments

11.—(1) A person may opt to exchange the whole of the lump sum to which the person would be entitled under regulation 10 (amount of early departure payments) for an increase in the amount of periodical payments payable to the person.

(2) Where a person so opts, the periodical payments are to be increased as from the date the payments are due to start and by the amount that the scheme manager, having consulted the scheme actuary, considers to be equivalent in value to the whole of the lump sum to which the person is entitled.

(3) A person who has exercised the option under this regulation ceases to be entitled to payment of a lump sum under regulation 9 (entitlement to early departure payments).

(4) The option under this regulation may only be exercised by giving notice in writing to the scheme administrator, in such form as the scheme administrator requires, during the period of 6 months ending with the day on which the person becomes entitled to payment of the lump sum.

(5) For the purposes of this regulation, the option is treated as having been exercised on the date on which it is received by the scheme administrator.

Increases for inflation

12.—(1) When a person attains the age of 55, the amount of the person’s basic amount and additional service allowance payable under regulation 10 (amount of early departure payments) are to be adjusted for inflation in respect of each scheme year in accordance with paragraph (2).

(2) The reference in paragraph (1) to adjusting for inflation the amount of the person’s basic amount and additional service allowance is to increasing it by the same amount as that by which an annual pension of an amount equal to the amount of the person’s basic amount and the additional service allowance would have been increased under the Pensions (Increase) Act 1971 if the pension was eligible to be so increased and had come into payment on the day that such basic amount and additional service allowance comes into payment.

Effect of rejoining the regular forces

13.—(1) This regulation applies where a person who is receiving payments under regulation 9 (entitlement to early departure payments) undertakes a period of new service.

(2) In this regulation a “period of new service” means any period of service in the regular forces after the cessation of a prior period of service provided that the subsequent period commences not more than 5 years after the cessation of the prior period of service.

(3) Within one month of commencing the new period of service the person may elect to—

(a) retain any payments that the person receives in accordance with regulation 9 relating to a prior period of service under this scheme, in which case—

(i) such payments are not to be recalculated on cessation of the new service; and

(ii) payments are to cease once the person reaches their deferred pension age in respect of the prior service, or would have reached that age if the person had been a member of the AFPS 14; or

(b) end the payment of periodical payments under regulation 9, relating to the prior period of service, for the duration of the period of new service and—

(i) repay in full the amount of any lump sum paid under regulation 9 relating to the prior period of service; and

(ii) such payment is to include interest calculated on a daily basis from the date of cessation of the prior period of service to the date when the repayment is made, at an annual rate determined by the Secretary of State having regard to the advice of the scheme actuary.

(4) An election under paragraph (3) cannot be altered or revoked.

(5) On cessation of the period of new service a person to whom paragraph 3(b) applies and who is an eligible person is entitled to—

(a) a lump sum in accordance with regulation 9; and

(b) periodical payments in accordance with regulation 9 until such time as the person receives a pension under the AFPS 14 or if the person is not a member of the AFPS 14 has reached the deferred pension age for a member of that scheme.

(6) Payments under paragraph (5) are to be calculated with reference to both the prior service and the new service.

(7) A person is not entitled to a lump sum or periodical payments under this regulation where they have previously received a lump sum under regulation 9 which has not been repaid.

(8) Where a person rejoins the regular forces more than 5 years after an immediately prior period of service they are to retain any payments made to them in accordance with regulation 9.

(9) Payments referred to in paragraph (8) are not to be recalculated in respect of their subsequent period of service and are to cease once the person is in receipt of a pension relating to that prior period of service under AFPS 14 or, if the person is not a member of the AFPS 14, has reached the deferred pension age for a member of that scheme.

Effect of joining the reserve forces

14.—(1) Where a person in receipt of payments under regulation 9 (entitlement to early departure payments) enters service with the reserve forces, that person is to retain the payments they receive under regulation 9.

(2) Payments referred to in paragraph (1) are not to be recalculated at the point of cessation of the person's service in the reserve forces and will cease once the person is in receipt of a pension under the AFPS 14 or, if the person is not a member of the AFPS 14, has reached the deferred pension age for a member of that scheme.

Effect of emergencies

15.—(1) This regulation applies where a person who would be entitled to payment under regulation 9 (entitlement to early departure payments), if that person had ceased to be in service on the relevant date, does not cease to be in service on that date by reason only of—

- (a) circumstances which in the opinion of the scheme manager amount to an emergency, or
- (b) that person being a prisoner of war on that date.

(2) The person is treated for the purposes of regulations 8 (eligibility for early departure payments) to 11 (option to convert the entire lump sum payment into additional monthly payments) as having ceased to be in service on the relevant date.

(3) In this regulation “the relevant date” means—

- (a) in the case of a person who was to have ceased to be in the regular forces on the date that the person's commitment ended, that date, or
- (b) in the case of a person who agreed to continue in the regular forces after that person's commitment ended until normal pension age for a member under the AFPS 14, the day before the person reached that age, or
- (c) in the case of a person not within sub-paragraphs (a) or (b) who was notified that a particular date was to be the last day of that person's service in the regular forces, that date.