
STATUTORY INSTRUMENTS

2014 No. 2336

The Armed Forces Pension Regulations 2014

PART 4

Pension accounts

CHAPTER 1

Preliminary

Calculation of amount of accrued pension for the purposes of Parts 4 and 5

25.—(1) For the purposes of Parts 4 and 5, the amount of accrued pension is calculated in accordance with this regulation.

(2) The amount of accrued earned pension is the sum of the following amounts specified in the active member's account as at the end of the last day of pensionable service—

- (a) the opening balance of earned pension for the last active scheme year and the index adjustment for that opening balance;
- (b) the amount of earned pension for the last active scheme year;
- (c) the opening balance of transferred pension for the last active scheme year and the index adjustment for that opening balance; and
- (d) the amount of transferred pension for the last active scheme year.

(3) The amount of the accrued added pension (member) is the sum of the following amounts specified in the active member's account as at the end of the last day of pensionable service—

- (a) the opening balance of the accrued added pension (member) for the last active scheme year and the index adjustment for that opening balance; and
- (b) the amount of accrued added pension (member) for the last active scheme year.

(4) The amount of the accrued added pension (member and dependants) is the sum of the following amounts specified in the active member's account as at the end of the last day of pensionable service—

- (a) the opening balance of accrued added pension (member and dependants) for the last active scheme year and the index adjustment for that opening balance; and
- (b) the amount of accrued added pension (member and dependants) for the last active scheme year.

(5) The amount of the accrued club transfer earned pension is the total of the following amounts specified in the active member's account as at the end of the last day of pensionable service—

- (a) for each sending scheme, the sum of the opening balance of the club transfer earned pension for the last active scheme year and the index adjustment for that opening balance; and
- (b) for each sending scheme, the amount of club transfer earned pension for the last active scheme year.

Calculation of “retirement index adjustment”

26.—(1) For the purpose of this Part, the retirement index adjustment for an amount of accrued pension is an amount calculated as follows—

Step 1

Multiply $(A \div B)$ by the percentage increase

where—

A is the number of complete months in the period between the beginning of the leaving year and the end of the last day of pensionable service; and

B is 12.

The resulting percentage is the retirement index percentage.

Step 2

Apply the retirement index percentage to the amount of accrued pension.

The resulting amount is the retirement index adjustment.

(2) In this regulation—

“complete month” includes an incomplete month that consists of at least 16 days;

“the leaving year” means the scheme year in which the last day of pensionable service falls;

“percentage increase” means—

(a) for this scheme an increase or decrease in prices or earnings (as the scheme manager may determine to be applicable to a description of pension) specified in the Treasury order for that year; and

(b) for a sending scheme, the increase or decrease that applies under that scheme to the revaluation of earned pension in that year as published by the Treasury;

“the Treasury order” means an order under section 9(2) of the Act.

CHAPTER 2

Pension accounts: general

Establishment of pension accounts: general

27.—(1) The scheme manager must establish and maintain one or more pension accounts for each member of this scheme in accordance with this Part.

(2) A pension account—

(a) may be kept in any form the scheme manager considers appropriate; and

(b) must contain such matters as are required by these Regulations.

(3) References in these Regulations to an amount specified in a pension account are references to the amount that is required by these Regulations to be so specified and not, if different, the amount actually so specified.

Closure and adjustment of pension accounts on transfer out

28.—(1) Except as otherwise provided in this regulation, all pension accounts relating to a member must be closed if a transfer payment is made or a cash transfer sum is paid out in respect of a member’s accrued rights under this scheme.

(2) Nothing in paragraph (1) requires the closure of an account that includes amounts to which the transfer payment or cash transfer sum does not relate or is not attributable.

(3) An account that is not closed because of paragraph (2) must be adjusted in such manner as the scheme manager considers appropriate to reflect the extinguishing of rights under this scheme.

(4) Paragraph (1) does not apply to a pension credit member's account if the transfer payment is made in respect of a member who is both—

- (a) a pension credit member; and
- (b) an active member, deferred member or pensioner member.

CHAPTER 3

Active member's account

Establishment of an active member's account

29. A pension account must be established for each active member ("the active member's account") from the person's first day.

Receipt of transfer values

30.—(1) This regulation applies if a transfer value payment is received from another pension scheme (other than a connected scheme) in relation to an active member of this scheme.

(2) On receipt of the transfer value payment, the active member's account must be credited with the amount of transferred pension calculated under regulation 109 (amount of transferred pension).

Receipt of club transfer values

31.—(1) This regulation applies if a club transfer value payment is received from another club scheme in relation to an active member of this scheme.

(2) On receipt of the club transfer value payment, the active member's account must be credited with an amount of club transfer earned pension calculated under regulation 111 (amount of club transfer earned pension).

Account to specify amount of pension for a scheme year

32.—(1) This regulation applies to every scheme year in which an active member's account is open.

(2) The active member's account must specify, in relation to each description of pension, the amount of that pension for the scheme year.

(3) The amount of club transfer earned pension for a scheme year must be specified separately in relation to each sending scheme;

(4) The amount of earned pension for a scheme year is 1/47th of the member's pensionable earnings for that year.

(5) The amount of transferred pension for a scheme year is the amount which the member is entitled to count under regulation 109 (amount of transferred pension).

(6) The amount of club transfer earned pension for a scheme year is the amount which member is entitled to count under regulation 111 (amount of club transfer earned pension).

(7) The added pension (member) for a scheme year is the sum of the amounts a member is entitled to count under Chapter 1 of Part 7 (Contributions) after exercising an option under regulation 91(1)
(a) (member's option to make periodical contributions to purchase added pension).

(8) The added pension (member and dependants) for a scheme year is the sum of the amounts a member is entitled to count under Chapter 1 of Part 7 (Contributions) after exercising an option under regulation 91(1)(b) (member’s option to make periodical contributions to purchase added pension).

Account to specify opening balance and index adjustment

33.—(1) This regulation applies to every scheme year in which an active member’s account is open.

(2) The active member’s account must specify, for each description of pension, the opening balance for the scheme year and the index adjustment for the opening balance.

(3) In these Regulations, “opening balance” in relation to a description of pension—

- (a) for the scheme year immediately following the scheme year in which the active member’s account is established, means the amount of that pension for the previous scheme year as at the end of the previous scheme year; and
- (b) for any subsequent scheme year, means the sum of the following amounts—
 - (i) the opening balance of that pension for the previous scheme year and the index adjustment for that opening balance; and
 - (ii) the amount of that pension for the previous scheme year as at the end of the previous scheme year.

CHAPTER 4

Deferred member’s account

Establishment of a deferred member’s account

34. When an active member ceases to be in pensionable service and becomes a deferred member in relation to rights accrued in that service—

- (a) the active member’s account for that service must be closed; and
- (b) a pension account for the deferred member must be established (“the deferred member’s account”).

Account to specify provisional amount of deferred pension

35.—(1) The deferred member’s account must specify, for each description of pension, the provisional amount of the relevant deferred pension.

(2) The provisional amount of deferred earned pension is the sum of the amount of accrued earned pension and the retirement index adjustment for that amount.

(3) The provisional amount of the deferred club transfer earned pension is the sum of the amount of accrued club transfer earned pension and the retirement index adjustment for that amount.

(4) The provisional amount of deferred added pension (member) is the sum of the amount of accrued added pension (member) and the retirement index adjustment for that amount.

(5) The provisional amount of deferred added pension (member and dependants) is the sum of the amount of accrued added pension (member and dependants) and the retirement index adjustment for that amount.

(6) The retirement index adjustment is not to be applied to an amount of accrued pension if a transfer value payment is made or a cash transfer sum is paid out in respect of the member’s right to that accrued pension before the end of the last active scheme year.

Adjustment of provisional amount of deferred pension on retirement

36. When a deferred member becomes entitled under regulation 44 (retirement before reaching normal pension age – deferred members) to the payment of a retirement pension, the deferred member’s account must specify for the provisional amount of each description of deferred pension—

- (a) the early payment reduction (if any);
- (b) the late payment supplement (if any);
- (c) the commutation amount (if any); and
- (d) the allocation amount (if any).

Treatment of deferred member’s account on return to pensionable service

37.—(1) When a deferred member re-enters pensionable service not later than 5 years after the date on which a period of earlier service ceased—

- (a) the deferred member’s account must be closed and it must be treated as if it were never established;
- (b) the active member’s account must be re-established; and
- (c) entries must be made in the active member’s account as if, during the period in which the deferred member’s account was open, the member—
 - (i) was in pensionable service; but
 - (ii) received no pensionable earnings.

(2) When a deferred member re-enters pensionable service more than 5 years after the date on which a period of earlier service ceased—

- (a) the deferred member’s account must remain open; and
- (b) an active member’s account must be established from the first day for the new period of pensionable service.

CHAPTER 5

Pensioner member’s account

Establishment of a pensioner member’s account

38.—(1) When an active member becomes entitled to the immediate payment of a retirement earned pension under regulation 43 (retirement on or after reaching normal pension age – active members) or an ill-health pension under regulation 51 or 52 (entitlement to ill-health pension: active member with permanent serious ill-health and entitlement to ill-health pension: active member with significant impairment of capacity for gainful employment)—

- (a) the active member’s account must be closed; and
- (b) a pension account for the pensioner member must be established (the pensioner member’s account).

(2) When a deferred member becomes entitled to the payment of a retirement earned pension under regulation 44 (retirement before reaching normal pension age – deferred members) or an ill-health pension under regulation 56 (entitlement to ill-health pension: deferred member with permanent serious ill-health)—

- (a) the deferred member’s account must be closed; and
- (b) a pension account for the pensioner member must be established (“the pensioner member’s account”).

Determination of “in-service late payment supplement”

39.—(1) This regulation applies for any period an active member remains in service subsequent to the scheme year in which the member reaches normal pension age.

(2) The scheme manager, having regard to the guidance from the scheme actuary, must determine the in-service late payment supplement for each amount of accrued pension specified in the pensioner member’s account.

(3) In these Regulations, “in-service late payment supplement” means an additional amount of pension determined by reference to the period in service after an active member has reached normal pension age.

Account to specify amount of retirement pension

40.—(1) The pensioner member’s account must specify, for each description of pension, the amount of the relevant retirement pension.

(2) The retirement earned pension is the sum of the amount of accrued earned pension and the retirement index adjustment for that amount.

(3) The retirement club transfer earned pension is the sum of the amount of accrued club transfer pension and the retirement index adjustment for that amount.

(4) The retirement added pension (member) is the sum of the amount of accrued added pension (member) and the retirement index adjustment for that amount.

(5) The retirement added pension (member and dependants) is the sum of the amount of accrued added pension (member and dependants) and the retirement index adjustment for that amount.

(6) The pension member’s account must specify for each amount of retirement pension—

- (a) the early payment reduction (if any) specified in that account in relation to the relevant accrued pension;
- (b) the in-service late payment supplement (if any);
- (c) the late payment supplement (if any);
- (d) the commutation amount (if any); and
- (e) the allocation amount (if any).

(7) When a pensioner member re-enters pensionable service—

- (a) the pensioner member’s account must remain open; and
- (b) an active member’s account must be established for the new period of service.

CHAPTER 6

Pension credit member’s account

Establishment of a pension credit member’s account

41.—(1) A pension account must be established for each pension credit member (“the pension credit member’s account”).

(2) When a pension credit member becomes entitled to the payment of a pension under regulation 47 (pension credit member’s pension), the pension credit member’s account must specify the amount of credited pension, and for that amount—

- (a) the early payment reduction (if any); and
- (b) the commutation amount (if any).

(3) In this regulation, “amount of credited pension” means an amount such that the value of the pension credit member’s right under this scheme (as calculated in accordance with regulations made under paragraph 5(b) of Schedule 5 to the WRPA 1999) equals the member’s pension credit under section 29(1)(b) of that Act.

Separate accounts for dual capacity pension credit member

42.—(1) If a pension credit member is also an active member, a deferred member or a pensioner member, the pension credit member’s account is in addition to the other account or accounts to be established under this Part in respect of the member in the other capacity.

(2) If a pension credit member has rights under this scheme which are attributable, directly or indirectly, to pension credit derived from the rights of more than one pension debit member of this scheme, a separate account is to be established under this regulation in respect of the pension credit attributable to the rights of each such pension debit member.