
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Armed Forces Redundancy Scheme Order 2006 (S.I. 2006/55), the Armed Forces (Redundancy, Resettlement and Gratuity Earnings Schemes)(No. 2)Order 2010 (S.I. 2010/832) and the Armed Forces Pension Scheme Order 2005 (S.I. 2005/438).

Part 2 amends the Armed Forces Redundancy Scheme 2006. This is the redundancy compensation scheme for members of the Armed Forces Pension Scheme 2005 (“the AFPS 05”), including those who have transferred to that scheme from the Armed Forces Pension Scheme 1975 (“the AFPS 75”).

Article 10 of the Armed Forces Redundancy Scheme Order 2006 is revoked, so that the receipt of redundancy compensation for a previous period of service will not disqualify that service from being taken into account when calculating an award on a later redundancy.

Part 3 amends the Armed Forces Redundancy Scheme 2010 (“the AFRS 2010”), which is the redundancy compensation scheme for members of the AFPS 75. It also amends the Resettlement Commutation Scheme 2010, which also applies to members of the AFPS 75. Both schemes are established by the Armed Forces Redundancy, Resettlement and Gratuity Earnings Schemes (No.2) Order 2010 (“the AFRRG Order”).

Article 6 of the AFRRG Order, applying to the AFRS 2010, is amended. Previously, the definition of “redundancy reckonable service”, when applied to a person who left and later rejoined the armed services, included all of the person’s previous service. It now includes previous service only where that service counts as qualifying service for the purposes of an immediate pension under the AFPS 75, in other words where the previous service has been aggregated with their current service under rule G.3, G.4 or G.5 of the AFPS 75.

Article 16 of the AFRRG Order, applying to the AFRS 2010, is revoked, so that the receipt of redundancy compensation for a previous period of service will not disqualify that service from being taken into account when calculating the award on a later redundancy. Consequential changes are made to articles 6, 11, 12 and 13, so that these provisions are no longer subject to article 16.

Article 29(4) of the AFRRG Order, applying to the Armed Forces Resettlement Commutation Scheme 2010, is revoked. This corrects an error in the AFRRG Order, as the paragraph comprised a rule of a scheme (the life commutation scheme) established under the AFPS 75 prerogative instruments.

Article 35 of the AFRRG Order, applying to the Armed Forces Resettlement Grant Scheme 2010, is amended to correct a minor drafting error. The amendment puts beyond doubt that a person has to have left service before being entitled to a resettlement grant.

Part 4 amends the Armed Forces Pension Scheme Order 2005.

A new rule B.6 is added to the Scheme. Officers who opt to rely on paragraph 14 of Schedule 18 of the Finance Act 2011 to retain their lifetime tax allowance of £1,800,000 will remain in the Scheme for as long as they remain in paid service, but after 5 April 2012, they will cease to be active members and will cease accruing pension benefits. They will be known as “fixed protection members”. Rule B.6(4) provides that for specified purposes, they will be treated as active members rather than non-active members. For example, the amount of ill-health pension under rule D.5 for fixed protection members is to be determined according to the formula in rule D.5 applying to active members. However, their last day of reckonable service will be 5 April 2012, and their final pensionable earnings and the amount of their ill-health pension will reflect this.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Consequential changes are made to the interpretation provisions at rule A.1.

Rule D.1 is amended to allow a fixed protection member to receive a pension and lump sum immediately after ceasing to be in service, provided they have reached pension age while in service.

Rule E.15, regarding the lump sum benefit payable on the death of a member who is under 75 years old, is amended. Rule E.15(1) now requires the lump sum to be paid to the member's nominee, if there is one. If there is no nominee, the lump sum is to be paid to the member's spouse, civil partner or surviving adult dependant. Rule E.15(1)(c) provides that this is the case even where the deceased member had not served the requisite two years' qualifying service for the spouse, civil partner or surviving adult dependant to receive an annual pension. If there is no spouse, civil partner or surviving adult dependant, the lump sum is to be paid to the member's personal representatives. The amended rule E.15(4) provides that the lump sum cannot be paid more than two years after the Scheme administrator knew (or could reasonably be expected to have known) of the death. The new paragraph (5) enables a dependant's annual pension to be increased if they were not awarded a lump sum for the sole reason that the two-year deadline was missed.