



Dear Pensioner,

Welcome to the 2011 Service Personnel & Veterans Agency (SPVA) AFPS newsletter, which I hope you find informative. Our enduring aim is to continue to improve pensions' delivery and provide you with an effective and efficient service.

This newsletter contains information on your pension increases and instructions on how and when to contact SPVA and Xafinity Paymaster (XP).

IF YOU WOULD LIKE A LARGER PRINT VERSION OF THIS NEWSLETTER PLEASE CONTACT XP.

SPVA Telephone Enquiry Service. The SPVA Telephone Enquiry Centre helps speed up the resolution of pension enquiries by routing them to the correct business areas. The service operates from: Monday to Friday 7am to 7pm. Should you have any AFPS queries, do not hesitate to contact the enquiry service on:

- 0800 085 3600 from the UK or 0044 141 224 3600 if calling from abroad.

When contacting SPVA, please make sure that you quote your Service and National Insurance number or the Service and National Insurance number of the person to whom the pension relates. SPVA aim to respond to your enquiry within ten working days or sooner if possible. Alternatively; you can contact us by:

- email at pensionshelp@spva.mod.uk or by post at;
- SPVA, Pensions Division, Mail Point 480, Kentigern House, 65 Brown Street, GLASGOW, G2 8EX.

XP Communications Centre. XP administer the payment of all Armed Forces Pensions on behalf of the SPVA. Queries relating to pension payments, changes to your banking details and P60 information should be directed to the XP Communications Centre which is open from 8am to 6pm Monday to Friday (lines are busiest on Mondays). If your call is not urgent, you may find it more convenient to contact XP from Tuesday to Friday (calls may be monitored for quality or training purposes). When contacting XP, please make sure that you quote your XP Reference number and National Insurance number and provide a daytime telephone number if possible.

XP should respond to your enquiry within five working days although it may take up to ten working days for a reply to be dispatched during busier periods. If you telephone, fax or e-mail XP it may be necessary for them to reply by post. XP Contact details are as follows:

- **Postal address:** Xafinity Paymaster, Sutherland House, Russell Way, CRAWLEY, RH10 1UH.
- **Telephone:** 0845 121 2514. From abroad: 0044 1293 591959
- **Fax Number:** 01293 604024
- **Email:** spvapensions@xafinitypaymaster.com

Please keep this Newsletter handy for reference during the year, it contains all the relevant telephone numbers, addresses and email addresses you require should you need to contact us.

Best wishes,

Kirwin Boyde (Mr), Officer in Charge, Armed Forces Pension Scheme.

2011 Pensions Increase. Any annual cost of living increase to your pension is payable if you are over age 55 or if your pension is an ill health, widows, widowers, civil or eligible partner or child's pension. In June 2010 the Government announced the intention to link increases to the Consumer Price Index (CPI). If this receives Parliamentary approval the full increase will therefore reflect the rise of 3.1% in the CPI for the 12 months ended 30 September 2010, which has always been the month used for this uplift. Further details may be found at:

http://www.hm-treasury.gov.uk/tax_pensions_increases.htm

Any increase due to you will be paid from 11 April 2011. You may, however, be paid a lower percentage if your pension started after 27 April 2010. Details of your percentage increase and the new yearly rate will be shown on your XP advice note or payable order counterfoil. The advice or counterfoil will also give a forecast of your next payment.

Guaranteed Minimum Pension (GMP). The following will only apply if you retired from the Armed Forces after 5 April 1978 and were employed up to or before 5 April 1997.

The Social Security Pensions Act 1975 introduced the State Earnings Related Pensions Scheme (SERPS). The AFPS contracted out from this scheme but, by law, had to pay a pension benefit at least as good as that paid out by SERPS. This amount is known as your GMP.

Her Majesty's Revenue & Customs (HMRC) National Insurance Contributions Office (NICO) advise XP how much of your pension the GMP amount forms at State Pension Age (SPA). Please note that this is not an additional amount to be paid, as it forms part of your existing pension.

Men can currently claim their State benefits at age 65. From April 2010 SPA for women began to increase from 60 and from April 2016 the pace of SPA equalisation increases. Women's SPA will therefore reach 65 in November 2018, and from December 2018 SPA for both men and women will start to increase to reach 66 by April 2020.

When you claim your State retirement benefits the Pensions Service, which is part of the Department for Work and Pensions (DWP), is responsible for paying part of any annual pension increase on your GMP with your State benefits. This addition will be shown on your annual pension statement received from The Pensions Service, who may refer to GMP as Contracted Out Deductions (COD). XP must allow for this when calculating any increase on your pension to avoid you receiving an increase on the same amount of GMP twice. Therefore although women's GMP payment age will remain at 60 the AFPS must fully inflation proof their GMP to SPA, and adjust their annual rate of AFPS pension to exclude the GMP increases paid by the state from SPA.

GMP may be in two parts, for the period 5 April 1978 to the date you left the Armed Forces (or 5 April 1988 whichever is the earlier) and for the period 6 April 1988 until you left the service (or 5 April 1997 whichever is the earlier). XP will apply any increase to the part of your GMP that was earned **after** 5 April 1988 and pay this with your Armed Forces Pension, but only up to a maximum of 3%. Any increase above 3% and **all** of any increase on the GMP amount earned **before** 6 April 1988 is paid by DWP with your state benefits. However, a further change in the law (Pensions Act 1995) means that XP will pay any increase in full on all the benefits earned after 5 April 1997.

Unfortunately, on occasions HMRC NICO does not advise XP of the value of your GMP in time. If this happens it may mean that you receive an increase on your GMP with your Armed Forces Pension and your State Pension, which in turn will result in you being slightly overpaid. XP will have to adjust your pension payments later to take this into account. You will, of course, be notified in advance of this happening.

SPVA rely upon HMRC NICO to inform XP of each scheme member's GMP. Therefore if you have deferred claiming your State Pension, and are not receiving increases on your GMP from the State, **please contact HMRC NICO and ask them to ensure that XP receive the correct notification.**

Your Tax Code and P60. HMRC tells XP how much tax to take from your pension. If you wish to ask about your tax code or tax liability you should contact HMRC at the following address:

- HM Revenue & Customs, PD2, Ty Glas, Llanishen, CARDIFF, CF14 5YA.
- Telephone: 0845 300 0627.

You must quote your National Insurance number and PAYE reference, which you will find on your pension advice note or form P60. You may also need to quote your XP reference number. Your P60 will give you details of the pension we have paid you and the tax deducted in your previous tax year. You will not receive a P60 if tax was not deducted. If you paid tax on your pension, you will receive your P60 by mid May each year.

The amount before tax shown on your P60 is usually different from the yearly rate paid for most of the year, this is because:

- The first payment you received in the tax year included one or more days before the last increase;
- Your pension started during the tax year or;
- It was not paid in full for the whole tax year.

Advice of Payment. The advice of payment note or counterfoil sent to you will advise any change in tax code applied to your pension, it will also show details of your pension and provide a forecast of your next payment.

Life and Resettlement Commutation. The Finance Act 2004 contained provisions for the running of tax-privileged pension schemes. Payments which contravene these Pension Tax Simplification rules are classified as unauthorised payments. If the AFPS makes this type of payment, there are significant tax penalties on the individual pensioner with a further tax charge being made to the pension scheme. These tax penalties can last for the rest of the pensioner's lifetime.

One of the Pension Tax Simplification rules declares that a member's pension may not be reduced once it is in payment. This means that you can **no longer** make an application for Life or Resettlement Commutation once you have left Service. If the AFPS allowed you to do so any lump sum raised by commutation would not be tax-free, your pension would become an unauthorised payment and be taxed at 40% above your normal rate of tax. This level of taxation would continue for the remainder of the period in which your pension is in payment. Furthermore, there would be a tax charge which would fall on the AFPS. It would be wholly inappropriate to levy such a charge on the taxpayer and therefore post-service applications for commutation will not now be accepted.

We have secured from HMRC transitional permission to allow those who left Service on or before 5 April 2006 and who are currently in receipt of Resettlement Commutation to follow it IMMEDIATELY with Life Commutation (where entitlement exists, thus the pension does not reduce). If you intend to apply for Life Commutation following Resettlement Commutation, you should apply to do so 6 months before you reach age 55 to allow all the necessary processes to be completed.

Pension Sharing On Divorce. From 1 December 2000, Courts have had the option of making pension-sharing orders following divorce. If you wish to know more details please request the booklet number MMP/131 - April 2010 which is available through the MOD Internet at: <http://webarchive.nationalarchives.gov.uk/+http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/Personnel/Pensions/ArmedForcesPensions/FindOutAboutPensionsOnDivorce.htm> or by writing to the Pensions on Divorce Team at the SPVA address shown on page 1.

Former Spouse Pension Credit Age. As a result of revised DWP regulations, pension credit members who are entitled to pension benefits as a result of a Pension Sharing Order, may now claim their pension from age 55, with effect from 6 April 2009. Customers should note that pensions are actuarially reduced to accommodate this revision.

Should any Former Spouse Credit Members wish to enquire about this option, they should write to The Pensions on Divorce Team at the SPVA address shown on page 1.

National Fraud Initiative. The SPVA AFPS Administrators are participating in the National Fraud Initiative. This is a data matching exercise against other public sector data systems, designed to help detect incorrect and fraudulent payments from public funds. SPVA have a legislative duty to protect the public funds they administer and may use the information held in connection with your pension for the prevention and detection of fraud. Pension information will be shared with other Government departments for these purposes only.

Change of Address/Payment Details or Taxation Queries. If you change your address, bank or building society details you must inform XP straight away in writing or by telephone. Please do not use email to notify changes in personal details. If we discover that we do not hold up to date details, we may have to suspend your pension. If you get more than one pension from XP, please tell us the reference numbers of all pensions to which the change applies. Any returned advice notes or payable orders will be re-issued (if entitlement still exists) as soon as possible. Any payment or tax issues should also be directed to XP.

Your Pension on Death (Please share this information). You must ensure that your next of kin or other representatives are aware that in the unfortunate event of your death, they must inform XP as soon as possible. Your pension is due up to and including the date of your death and any payments made after this will be classed as overpayments and will be recovered by XP.

Where your pension is paid direct to a bank or building society account, we will ask the bank or building society to refund any pension paid after the date of death. If you have your pension paid into a joint account, it is important that the other account holder is aware of this. At the same time, we will advise your next of kin or personal representative as soon as possible.

Survivor Pensions. Surviving spouse, civil or entitled partner and children's forces family pension entitlement will be paid as quickly as possible after it has been calculated and authorised. Please note that your spouse, civil or entitled partner will need to complete an application form before any pension entitlement can be calculated. This application form should be requested from SPVA at the appropriate time. If they have any problems filling the form in or providing any of the evidence required, they should contact the SPVA enquiry service. If you marry, remarry or form a civil or other partnership after you have retired from the Armed Forces please let us know as it may affect the potential survivor benefits.

Pensions for Spouses and Dependants. Your own entitlement to a pension ceases on your death. However; if you are married, in a civil partnership or are in a substantial relationship your spouse / partner may be entitled to a Forces Family Pension (FFP). Eligibility is dependent upon whether you were a member of AFPS 75, AFPS 05 or Reserve Forces Pension Scheme (RFPS) on the date you left the Armed Forces.

AFPS 75. If your marriage took place prior to you leaving Regular Armed Forces Service, it is most likely that your widow will be entitled to a FFP:

- If your marriage took place after you left Regular Armed Forces service and your date of leaving was on or after 6 April 1978 there may be an entitlement to a FFP based solely upon pensionable service earned from 6 April 1978 onwards.
- If your marriage took place after you left Regular Armed Forces service and your date of leaving was prior to 6 April 1978 there will be no entitlement to a FFP.

Widowers/Civil Partners – To be eligible for a pension you must have served on or after 1 October 1987. If the marriage / civil ceremony took place during Active Service there will be an entitlement to a pension based on your total Service. However; if the marriage / civil ceremony took place after your retirement the pension entitlement will be based on Service from 6 April 1978.

Eligible Partner – Your partner may be eligible to receive a pension where death has been deemed to be attributable to Service causes, by SPVA (Norcross). For a partner's pension to be awarded you must have:

- Given service on or after 15 September 2003, and;
- Have been in a substantial and exclusive relationship at the time of death and;
- Both have been free to marry.

Rates Payable. If you discharged before 1 April 1973 your spouse will receive a pension of 1/3 of your basic pension, no Short Term Family Pension (STFP) is payable. If you are discharged after 1 April 1973 and **did not** buy into the Half Rate Widow's Scheme your spouse will receive a pension as follows:

- For service before 1 April 1973 – 1/3 of the basic pension earned by service before 1 April 1973.
- For service after 31 March 1973 – 1/2 of the basic pension earned by service after 31 March 1973.

If you discharged after 1 April 1973 and **did** buy into the Half Rate Widow's Scheme or all your service is after 31 March 1973 your spouse will receive half of your basic pension. If you married after your discharge your spouse will receive half the basic pension earned by your service given after 5 April 1978.

A STFP equal to your rate of pension in payment at the time of your death will be paid for 91 days to your spouse. This may be increased to 182 days if there are any eligible children.

Survivor Benefits on Re-marriage or Forming a Partnership. If you receive a FFP and you decide to re-marry or live with another person as husband and wife or form a civil partnership, you must let XP know immediately as this may affect your pension. Any overpayment of pension must be repaid.

Please note that this does not affect you if you are in receipt of an Attributable Pension where your spouse/partner/civil partner died before 6 April 2005 or where your spouse/partner/civil partner died after this date and you receive a pension from the Armed Forces Compensation Scheme (AFCS) in addition to the pension you receive from the AFPS. This will be where it has been determined that your late spouse/partner/civil partner's death was due to service in HM Forces. In these cases your pension will continue to be paid.

VETERANS IN RECEIPT OF AN ATTRIBUTABLE PENSION FROM AFPS 75 WITH A CONDITION THAT ENTITLES THEM TO A PAYMENT UNDER THE WAR PENSION SCHEME (WPS) AND WIDOWS AND DEPENDANTS OF THOSE VETERANS WHO DIED ON OR AFTER 1 APRIL 2004.

Veterans who fall into the above category and/or their widows/dependants should be aware that if an attributable pension is being paid under AFPS 75 or was being paid to a Veteran on their death, due to an attributable invaliding condition, it will not automatically follow that an Attributable Forces Family Pension will be paid to any widow and/or dependants.

In these circumstances, even when the WPS has deemed the death attributable to service, the burden of proof used to determine attributability under the WPS is different from that which is used under the AFPS. The AFPS has the right to take a second decision to ascertain "on the balance of probabilities" burden of proof, whether the death was caused by the invaliding condition and the date of death occurred on or after 1 April 2004.

If a pension is awarded under the WPS the AFPS will carry out a Discretionary Awards Review to determine whether there is a connection between the cause of invaliding and the cause of death. If there is no connection an Attributable Forces Family Pension will **not** be paid. In these cases a pension would be paid by the WPS and where there is an entitlement, a non attributable Forces Family Pension will be paid under AFPS 75.

AFPS05 and RFPS. Pensions are paid to surviving spouses, civil partners, eligible substantive partners and are payable from the day after death. You must have had at least 2 years qualifying service.

Your spouse, civil partner or partner's pension will be calculated by multiplying your final pensionable earnings by 1/112 (adjusted to allow for increases in price inflation between retirement and death) and then by your reckonable service. The maximum reckonable service which may be used in this calculation is 37 1/3 years. If you are in receipt of an ill health pension the enhanced reckonable service used to calculate your pension will also be used to calculate your spouse's, civil partner's or partner's pension.

The resultant figure will be approximately 62.5% of the member's pension but in certain circumstances may be less. For example, if you, as the spouse, civil partner or eligible partner are more than 12 years younger than the member, your pension will be reduced by 2.5% for every complete year that you are younger than the member. This is subject to a maximum reduction of 50%. Spouse's, civil partner's and partner's pensions are paid for life and are taxable.

Requests for a dependant's forecast should be submitted in writing to the SPVA address shown on page 1, quoting your Service number and National Insurance number. Please note failure to supply this information may result in a delay in supplying your forecast of benefits. One free forecast of benefits can be supplied within a 12 month period, others can be obtained but a charge will apply.

Child Benefits. Children's pensions are payable up to the age of 17 (AFPS 75) or age 18 (AFPS 05/RFPS). They may be extended in certain circumstances such as further education or incapacity beyond this age but unless the pension has been extended due to incapacity the pension will cease at the age of 23. If you receive payment of pension for eligible children, we must be informed immediately if that child ceases full time education or training or if there are any other changes in circumstances that may affect payment. If, exceptionally, your child wishes to take a gap year between the conclusion of secondary school education and returning to pursue a full time course in higher education or training this must be applied for in **advance** of the commencement of the gap year. Failure to do this can result in the pension **not resuming** when the child completes the gap year and returns to higher education or training.

Survivor Benefits on Re-marriage or Forming a Partnership. Your pension benefits will **not** be affected if you decide to re-marry or live with another person as husband and wife or form a civil partnership.

Further Education and University Scholarship Scheme for Bereaved Service Children. It is expected that this scheme will be introduced in April 2011 giving children, whose parent has died predominantly due to their service, a head start in life by having an opportunity to obtain a university degree. The scheme will include those bereaved since 1 January 1990 and will start from the beginning of the 2010/2011 academic year. The scholarship will pay for a maximum of 3 years in further education and the first undergraduate course in a UK higher education institution. Retrospective action will be taken for those who fit the criteria and started full-time education from September 2010. Full details will be published on the MOD website at

<http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/Personnel/SPVA/Pensions.htm>

What to Do if Things Go Wrong. We make every effort to get things right, however, occasionally things go wrong and it is a cause of great concern to us when this happens. We deal with all complaints as quickly as possible and do our utmost to put things right.

SPVA. If you wish to question or are concerned about the pension that you have been awarded then this should be directed to the SPVA Pension Awarding Branch at the address shown on page 1. Please telephone or write to us with details of your concern. SPVA will aim to respond fully within ten working days; however this is not always possible as we may have to contact another organisation.

If you wish to make a complaint regarding the service you have received please write to: SPVA, JPA Complaints, Mail Point 600, Kentigern House, 65 Brown Street, Glasgow, G2 8EX.

XP. If you wish to question or are concerned about the payment of your pension into your bank account, its taxation or GMP, then this should be directed to XP. Please telephone or write to them and they too will aim to provide you with an answer within ten working days.

If you are not satisfied with the way that your XP enquiry has been handled, please write to the Armed Forces Pension Service Manager at XP who will look into the matter urgently. Following this, should a complaint remain unresolved, you may write to the Operations Director, Central Services at XP.

War Pension and Armed Forces Compensation Schemes. Please note that any enquiries in relation to the War Pension Scheme or the Armed Forces Compensation Scheme should be directed to SPVA Norcross at the following address:

- SPVA Norcross, Tomlinson House, Thornton Cleveleys, LANCASHIRE, FY5 3WP.
- Email: veterans.help@spva.gsi.gov.uk
- SPVA Free Veterans Helpline (UK only) 0800 169 22 77
- SPVA Free Veterans Helpline (Overseas) 0044 1253 866043

Internal Disputes Resolution Procedure. The Pensions Act 1995 requires all occupational pension schemes to have in place a formal Internal Dispute Resolution Procedure (IDRP). If you have a dispute that you cannot resolve about your pension, you may invoke IDRP. However, the normal complaints procedures (above) **should** be exhausted before invoking the IDRP. Details of the IDRP are contained in a MOD brochure called AFPS - Dispute Resolution Procedures which can be obtained through the MOD website at:

<http://webarchive.nationalarchives.gov.uk/http://www.mod.uk/DefenceInternet/AboutDefence/CorporatePublications/PersonnelPublications/Pensions/TriSchemeBooklets/BookletsRelatingToAfps75Afps05AndRfps.htm>

If you disagree with the decision, you will have further rights of appeal to the Pensions Ombudsman. You should, however, contact The Pensions Advisory Service (TPAS) before you write to the Pensions Ombudsman. The address for both is:

- 11 Belgrave Road, LONDON, SW1V 1RB.
- Telephone: 0207 834 9144
- Web site: www.pensions-ombudsman.org.uk


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