



# Army Money Facts

Edition 2 | December 2016

Following on from the launch edition, this winter publication focuses upon allowances and, by request, the financial considerations of re-joining the Armed Forces. Thank you to those who have submitted recent remuneration queries via Soldier Magazine, a selection of these and associated responses will appear in coming editions. A shortcut to asking questions in future can be achieved via Amfi (see back page). If you feel there is a gap in published information relating to your financial Conditions of Service, or if you feel information is impenetrable to you and your HR staff cannot assist, please let us know via [Army Pers-RemPol-MONEYFACTS](mailto:Army-Pers-RemPol-MONEYFACTS) e-mail address. Pensions are always a hot topic, so Defence and the Army are reviewing how we communicate benefits to scheme members. I also recommend joining the Armed Forces Pension Society, certainly for those in their final few years of Service. It costs little and the advice they can offer may cause you to think about how you draw your pension in a fundamentally different manner. Despite BREXIT and global market reactions to the US presidential elections, your pay and pension benefits remain insulated, so enjoy Christmas when it arrives.

**Army Pay Colonel**

## Allowances News

**Serving in Northern Ireland (NI).** If you're permanently assigned to NI there are specific allowances, in addition to most of the ones you'd receive in GB, to make life easier. NI Resident's Supplement (NIRS) is paid at £7.58 per day to all personnel, married or single, and you'll also qualify for NI Journeys (NIJs). These give you twelve return journeys per year to GB if you're Married Unaccompanied or Single, or three return journeys for you and your family if you're Married Accompanied. Recent NIJ improvements now allow personnel who can't or choose not to travel at the same time as their family, to travel at a later date. As well as the NIRS and NIJ you'll also receive three NI Long Weekends (NILW) per year and may benefit from NI Motor Insurance Refund (NIMIR). If your car insurance premium in NI exceeds comparable cover in Central London you can claim back the difference.



## Incentivising Overseas Service

Enhancements continue to be made to the Incentivising Overseas Service (IOS) package. If you're headed overseas, or are considering an assignment abroad, the details are [HERE](#) but highlights include:

- Up to four night's hotel accommodation in the UK, plus up to fourteen nights overseas hotel accommodation when you move.
- Movement and Storage of Personal Effects (MSPE); removals to overseas locations and/or storage in UK (for rest of the world (RoW) locations).
- Disturbance Expense (£1,423 for SFA, £281 for SLA) plus £81 per child.
- Up to four months' advance of pay to assist with set-up costs (repayable over twelve months).
- Local Overseas Allowance (LOA) to offset the cost of living difference between your overseas location and the UK.
- Discounted SFA.
- Get You Home (Overseas); three return flights annually from NW Europe or one return flight from RoW locations to the UK, plus terminal travel for each entitled family member.
- Six School Children's Visits (SCVs) per year (for CEA claimants or children with guardians) and three SCVs per year for children at University or in tertiary education.
- Some personnel may also be entitled to Respite Journeys (Remote Locations) (RJ(RL)) for them and their families.
- Longer Separation Allowance (LSA) (VOLSEP Level 1 at a daily rate of £6.97) is payable if the spouse/partner remains in the UK.
- Some locations without firm base support may also qualify for Pre-Assignment Recces for personnel and their accompanying spouse. The facts are at [2016DIN01-083](#).
- In recognition of their additional responsibilities, Defence Attachés may also be entitled to Mid Tour Journeys (which now allow travel to any location within the cost cap of a return journey to the UK) and Additional Journeys (to any location within the cost cap of a return journey to the allocated Designated Leave Centre).



## Unaccompanied Minors (UNMIN) on flights and School Children's Visits (SCV)

[2016DIN01-103](#) has the detail you'll need if you're posted to a location which is not served by an airline offering the UNMIN service and you intend to use School Children's Visits (SCV). One parent, or a nominated adult, can now receive a return flight to accompany the child.

An alternative option has always been for those using SCV to 'reverse' one of their journeys so that one parent can visit the child rather than the child travelling to them in their permanent duty station. New policy for 2016 allows those based overseas to reverse up to three of their six SCV journeys; full details are available in JSP 752 at Chapter 4, Section 10.

## Continuity of Education Allowance (CEA)

The new CEA rates for Academic Year 2016/17 are shown below, reflecting increases of 6.38% (Junior) and 7.35% (Senior). Some modest CEA policy refinements were also introduced recently to remove inconsistencies and anomalies; JSP 752 Chapter 9, Section 1 has the facts. The number of people affected is expected to be small but there is a useful Q&A at [2016DIN01-100](#) if you think you may be one of them.

Education Allowance	1 Aug 15	1 Aug 16
CEA (Board) - Senior	£6749 per term	£7245 per term
CEA (Board) - Junior	£5142 per term	£5470 per term
CEA SENA SP	£10084 per term	£10825 per term
CEA (Day) - Senior	£4055 per term	£4353 per term
CEA (Day) - Junior	£3029 per term	£3222 per term
CEA SENA (Day)	£6473 per term	£6949 per term
CEA (Guardians)	£3.40 per day	£3.65 per day
Day School Allowance (North Wales)	£5410 per term	£5650 per term

## Unpleasant Living Allowance (Operational) (ULA(O))

ULA(O) acknowledges the hardships for those on prolonged periods of Operational Deployment where they have to live in conditions that fall below a minimum standard. The definition of qualifying locations has recently been updated at JSP 752, Chapter 10, Section 4.

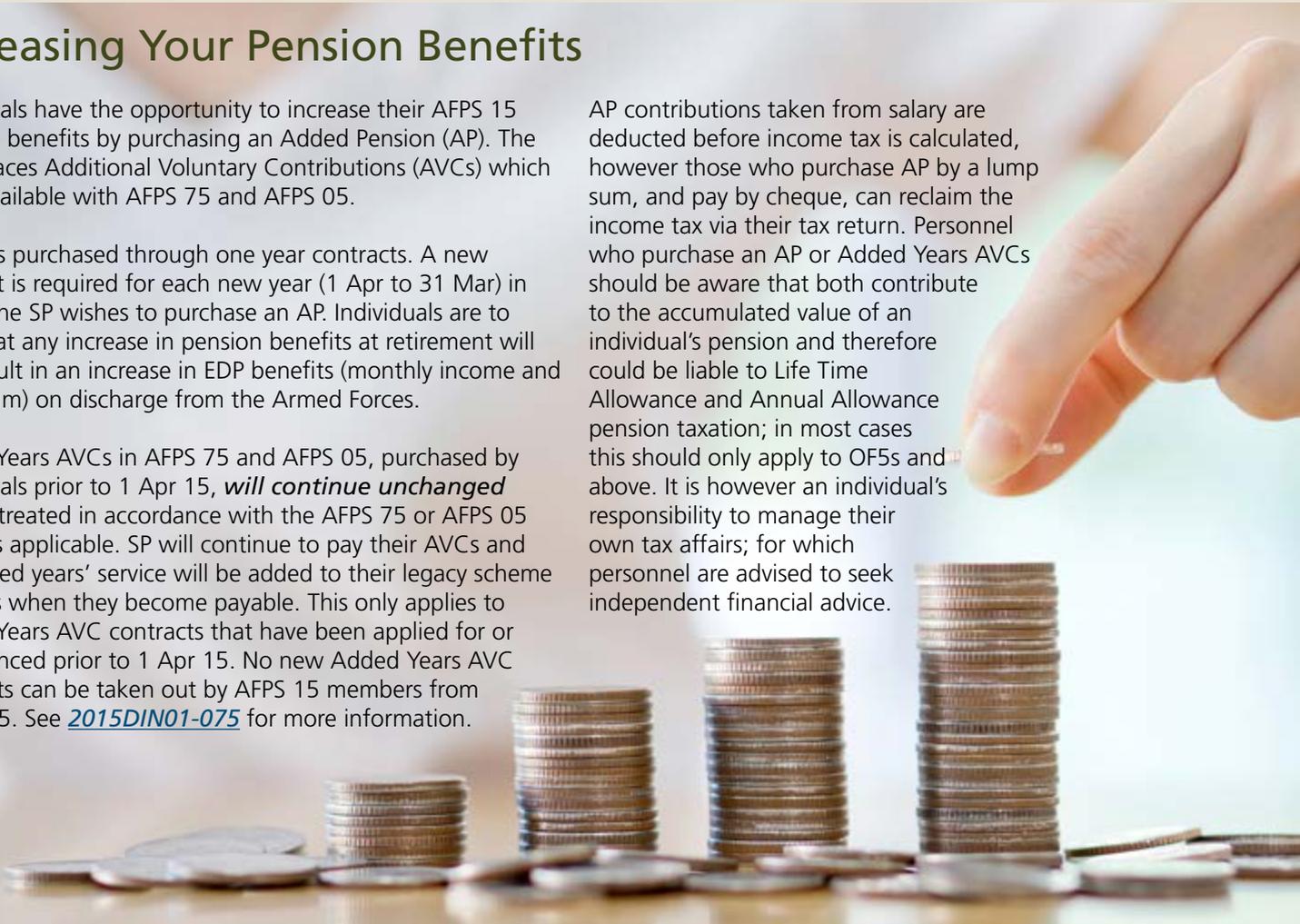
## Increasing Your Pension Benefits

Individuals have the opportunity to increase their AFPS 15 pension benefits by purchasing an Added Pension (AP). The AP replaces Additional Voluntary Contributions (AVCs) which were available with AFPS 75 and AFPS 05.

An AP is purchased through one year contracts. A new contract is required for each new year (1 Apr to 31 Mar) in which the SP wishes to purchase an AP. Individuals are to note that any increase in pension benefits at retirement will also result in an increase in EDP benefits (monthly income and lump sum) on discharge from the Armed Forces.

Added Years AVCs in AFPS 75 and AFPS 05, purchased by individuals prior to 1 Apr 15, **will continue unchanged** and be treated in accordance with the AFPS 75 or AFPS 05 rules, as applicable. SP will continue to pay their AVCs and the added years' service will be added to their legacy scheme benefits when they become payable. This only applies to Added Years AVC contracts that have been applied for or commenced prior to 1 Apr 15. No new Added Years AVC contracts can be taken out by AFPS 15 members from 1 Apr 15. See [2015DIN01-075](#) for more information.

AP contributions taken from salary are deducted before income tax is calculated, however those who purchase AP by a lump sum, and pay by cheque, can reclaim the income tax via their tax return. Personnel who purchase an AP or Added Years AVCs should be aware that both contribute to the accumulated value of an individual's pension and therefore could be liable to Life Time Allowance and Annual Allowance pension taxation; in most cases this should only apply to OF5s and above. It is however an individual's responsibility to manage their own tax affairs; for which personnel are advised to seek independent financial advice.



# Re-joining the Armed Forces

## How it affects your pension

Re-joining the Armed Forces as an ex-Regular is a well trodden path, but may have implications on pension/EDP benefits received or in payment. The sections below highlight the main effects and provides links to further information:

### Key Terminology:

**EDP** Early Departure Payment, applicable to AFPS 05 and 15.

**IP** Immediate Pension, applicable to AFPS 75.

**RG** Resettlement Grant, applicable to AFPS 75, 05 and 15.

## How it affects your Resettlement Grant (RG)

The RG is paid to Regular members of the Armed Forces who leave after twelve or more years service but before qualifying for any other form of IP or EDP benefits.

- Those Service Personnel (SP) who re-join the Armed Forces **within 31 days** of leaving Regular Service will be required to repay the RG in full.
- If a SP has repaid the RG upon re-joining, they will be entitled to a new RG if they leave for a second time and have not qualified for an IP and/or an EDP.
- If re-joining the Armed Forces **after 31 days**, individuals will retain their RG. However, when leaving after a second period of service, they will not be entitled to a new RG.

## AFPS 75 - Pension Abatement

If a SP leaves the Regular Armed Forces with an AFPS 75 pension in payment and then rejoins as a Regular or FTRS/ADC, a calculation is undertaken to ensure that:

- *New FTRS/ADC rate of pay + pension + inflation increases **MUST NOT** exceed the rate of pay when the individual left Regular Service (not mobilised service)*

If it does exceed this amount, the pension will be abated (reduced) or cease altogether for the duration of their new employment. This does not mean that pay on re-entry cannot be higher than the rate of pay on leaving the regular Armed Forces; it can, but the pension will be abated in full. Further information on how pension abatement is calculated is contained within [2009DIN01-058](#) and the rules of pension abatement can be found at the following [Treasury guidance](#).

## AFPS 05 - Pension Abatement

If a SP leaves the Armed Forces with an AFPS 05 EDP income and then re-joins the Armed Forces their EDP income stream will cease for the duration of the new period of service and there will be a requirement to repay a proportion of their EDP lump sum. Further detail on AFPS 05 EDP is contained within [JSP 764](#), Part 2 and the 'Re-employment – MMP/116' booklet.

## AFPS 15 - Immediate Pension

If a SP is in receipt of an AFPS 15 EDP income and re-joins the Regular Armed Forces (AF) within five years they can choose to have their EDP treated in one of two ways:

- Retain the Lump Sum, continue to receive a monthly EDP; this must be done within one month of rejoining the AF. The EDP will remain in payment but any additional service will not be used to re-calculate a revised EDP at the end of the second period of service.
- Stop the EDP income and repay the lump sum. At the end of the second period of service your EDP will be re-calculated and paid accordingly.



## Autumn Statement

On 23 Nov 16 the Chancellor confirmed that increases in income tax thresholds will go ahead as proposed by the previous government.

From the 1 Apr 17 the 'personal allowance' - the amount of salary which is not taxed - will rise from £11,000 to £11,500; and the 'higher-rate tax bracket' will rise from £43,000 to £45,000 - the 40% tax bracket will now apply to those with a taxable income over £45,000.

For a corporal earning £30,000 they will pay approx. £100 less income tax in tax year 2017/18; paying in total, approx. £8,700 in income tax for the tax year.

A major earning £55,000 will pay approx. £500 less income tax in tax year 2017/18, when compared to tax year 2016/17. During tax year 2017/18 they will pay, in total, an approx. £10,700 in income tax.

The Chancellor has also confirmed that tax thresholds will rise again to £12,500 (Personal Allowance) and £50,000 (High Tax bracket) by 2020/21. As with all taxes, this may be subject to change depending on how successful the economy will perform in the next couple of years, however, at present we can all enjoy paying less income tax from 1 Apr 17 onwards.

Tax is an individual's responsibility; for further information personnel are advised to seek independent financial advice.



# Ask Amfi?

Army Money Facts Investigator

Any questions regarding pay, pensions, allowances etc. send them to: [Amfi](#)

To make comments or suggestions for future editions please email:

[Army Pers-RemPol-MONEYFACTS](#)

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Forces Pension Society, 68 South Lambeth Road, Vauxhall, London, SW8 1RL Tel: 020 7820 9988

### Links:

[Army Remuneration Policy Website \(Intranet\)](#)

[AFPS 15 Your Pension Scheme Explained](#)

[AFPS 15 \(Intranet\)](#)

[Pension & Annual Allowance Calculator - \(Internet\)](#)

[Armed Forces Benefits Calculator \(Internet\)](#)

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