

A Sour Note for Military (ex)Wives

The Armed Forces Pension Schemes

Public sector pensions have been in the news a lot recently. Strangely we have not seen any coverage of a problem faced by some military ex-wives (and civil partners?).

Historically, the Armed Forces Pension Schemes presented something of a challenge on divorce or dissolution. Serving members of the armed forces can leave and take an immediate pension from 55 if they meet the service criteria. If a member leaves service before they are 55 they become a deferred member of the scheme and the pension benefits built up before 2006 are paid from age 60; those built up after 2006 are paid at age 65 but can be taken at 60 on an actuarially reduced basis.

If a Pension Sharing Order is made against a member of the AFPS 75, the ex-spouse or civil partner (pension credit member) will receive their benefits at age 60, or when the order is implemented if later. For pension-credit members of the AFPS 05, benefits begin when they reach 65 or when the order is implemented if later.

This has led to situations where the member may be able to retire at 55 on a pension but the ex-spouse or civil partner could not. A successful challenge resulted in legislative changes that enabled pension-credit members to take their pensions from age 55.

In short it would seem that the changes were not handled correctly. Some pension-credit members received documentation from the Service Personnel and Veterans agency – who administer the schemes – showing that the pension payable at 55 is the full rather than an actuarially reduced rate. At least one pension-credit member is said to have been receiving their pension since 2009 and has recently been informed that the SPVA has discovered the error and the pension will consequently be reduced by 50%.

Unofficial reports are that about 120 people are known to be affected by this problem and SPVA have apparently set up a special section to handle the complaints. We understand that SPVA are contacting people they know are affected.

The issue was raised in the House on 26 April :-

www.theyworkforyou.com/debates/?id=2012-04-26a.1099.0&s=speaker%3A24839#g1116.1

So hopefully there will eventually be an equitable outcome. More publicity may help, which is the reason for this article. We are aware that one firm has contacted three MPs and the scheme actuary about the problem.

It seems completely wrong to reduce someone's pension in this way, purely because of a SPVA mistake. Hopefully with appropriate publicity and political intervention sense and equity will prevail.

We understand that letters will be going out to all affected ex-spouses already in receipt of incorrectly calculated pension credits. We can only presume that some form of letter will also be sent to those who have not yet reached 55, but what will it say and/or offer?

In the meantime the proper procedure would seem to be to invoke the Scheme's "Internal Dispute Resolution Procedure" (see booklet on Ministry of Defence web site). The complaint will probably fail and then need to be escalated to a complaint to the Pension Ombudsman for mal-administration.

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