

JSP 764

PART 6

DIRECTED EARLY RETIREMENT

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Chapter 1

THE DIRECTED EARLY RETIREMENT (DER) SCHEME

INTRODUCTION

0101. The DER Scheme enables the Armed Forces to pay compensation in specified circumstances when terminating a senior officer's employment unexpectedly prior to the individual's Normal Retirement Age (NRA). It applies to officers of 1-star rank and above.

CRITERIA FOR PAYMENT OF COMPENSATION

0102. A Special Capital Payment (SCP) or Compensation Lump Sum (CLS) will be awarded under DER arrangements if the relevant Service is able to demonstrate that there is no reasonable prospect of suitable employment becoming available for the officer within a reasonable timescale and it can be shown that the lack of availability of further employment is related to:

- (a) the removal or regrading of a post after an individual has taken up the post or has been notified of appointment to it¹, which could not have been foreseen or prevented at the time of appointment, and
- (b) an unplanned reduction in the number of posts available to the Service (including potential joint appointments) which the officer was qualified to fill and which was caused by restructuring or changes in employment requirements within the Service or the Department or external employing organisation e.g. NATO, UN.

In any event, DER must represent value for money such that the net effect of any SCP or CLS is at worst case cost neutral but ideally results in a net saving to Defence.

0103. A flowchart showing the criteria for the payment of a SCP or CLS under DER arrangements is at Annex A. Details of the approach to be followed in calculating Value For Money for members of the different pensions schemes are at Annexes B to D.

OPERATION OF THE CENTRAL SEVERANCE PANEL

0104. All cases for DER compensation are to be scrutinised by the Central Severance Panel (CSP). The Panel is to consist of the Director of Service Personnel Policy (D SP Pol) and the appropriate single Service Secretary. Submissions are to be made in writing to the Panel which will consider each case on its merits. Under no circumstances is an individual to be given an assurance that they will leave under DER terms until formal approval has been received from the CSP. CSP consideration will normally take up to 6 weeks, although the Panel will be guided by target timescales for response as stated in the submission.

¹ For Army officers of 1-star and above and for RN/RM and RAF officers of 2-star and above, the assumption will be that service will cease following the end of the current tour, without payment of a SCP, if no offer of further employment is made at least 6 months before the end of tour. This is reflected in the flowchart at Annex A.

0105. Submissions by the relevant Service should include:

- the name and rank of the individual;
- the case for DER terms in accordance with the criteria above;
- a value for money calculation, and
- confirmation that funding is available.

0106. It is the Department's policy that decisions on the award of DER terms:

- are consistent across the three Services;
- are not used to facilitate the career progression of other personnel; and
- satisfy the strict criteria at paragraph 0102.

0107. It is the responsibility of the CSP to ensure that the administration of the DER scheme achieves these policy aims.

0108. Where the CSP is unable to reach a consensus, the case will be submitted for further consideration to a panel consisting of the Deputy Chief of Defence Staff (Personnel) (DCDS (Pers)) and the appropriate Principal Personnel Officer (PPO). The decision of this panel is final. In the absence of consensus at the three-star level, a SCP or CLS may not be awarded.

AMOUNT OF PAYMENT

0109. The SCP or CLS is a tax free lump sum. The amount of payment will depend upon whether the officer is a member of AFPS 75 or AFPS 05²:

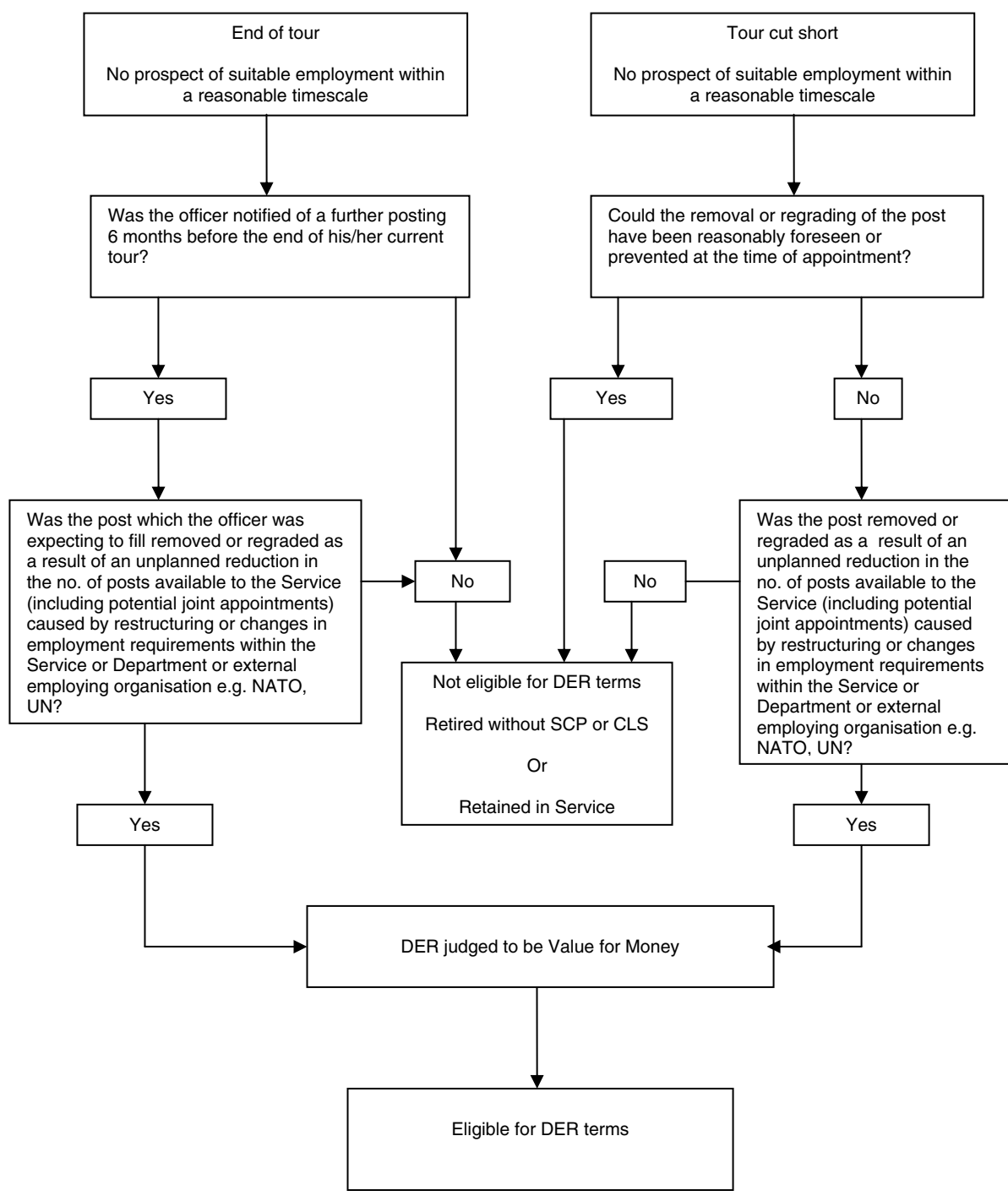
- (a) For AFPS 75 members, the level of payments and how individual awards are calculated are explained in Part 5, Chapters 3 and 4 - The Armed Forces Redundancy Scheme 2010.
- (b) For AFPS 05 members, the level of payments and how individual awards are calculated are explained in Part 5, Chapter 2 - The Armed Forces Redundancy Scheme 2006.

REPAYMENT OF COMPENSATION

0110. An officer to whom this chapter applies may be required to repay some or all of his SCP or CLS if he rejoins Regular Service, enters Reserve Service on a FTRS or ADC Commitment or takes up a Public Service appointment that is reserved for a former member of the Armed Forces. Full details are in Part 5, Chapter 5.

² Compensation for officers who have opted out of the Armed Forces Pension Schemes is calculated under AFRS 06 rules. See Part 5, Chapter 2 for details.

**FLOWCHART SHOWING CRITERIA FOR PAYMENT OF SPECIAL CAPITAL
PAYMENTS OR COMPENSATION LUMP SUMS UNDER THE DER SCHEME**



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**DIRECTED EARLY RETIREMENT – AFPS 75 MEMBER
VALUE FOR MONEY CASE**

Name of candidate:

Basic Data

- a. Date of Birth:
- b. Rank:
- c. Annual Pay: £
- d. Normal Retirement Date:
- e. Actual Retirement Date:
- f. Uncompleted service (d-e).
Express in years to 4 decimal places:
- g. No. of years' reckonable service @ Actual Retirement Date:

A	Monthly Pay @ Actual Retirement Date	£	
B	Monthly Pension @ Actual Retirement Date	£	
C	Uncompleted Service (express in years to 4 decimal places)Years	
D	Terminal Grant @ Normal Retirement Date	£	
E	Terminal Grant @ Actual Retirement Date	£	
F	Special Capital Payment	£	
		Cost	Saving
	A – B x C		£
	D – E		£
	F	£	
	Totals	£	£
	Overall Saving/ Cost * <i>* Delete as appropriate</i>	£	£

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DIRECTED EARLY RETIREMENT – AFPS 05 MEMBER UNDER AGE 55 AT ACTUAL RETIREMENT DATE - VALUE FOR MONEY CASE

Name of candidate:

Basic Data

- a. Date of Birth:
- b. Rank:
- c. Final Relevant Earnings (FRE): £
- d. Normal Retirement Date:
- e. Actual Retirement Date:
- f. Uncompleted service (d-e).
Express in years to 4 decimal places (**Note 1**):
- g. No. of years' reckonable service @ Actual Retirement Date:

	Cost of DER	Cost of Retention
	£	£
Annual Pay (from Actual Retirement Date to Normal Retirement Date)	Nil	
Pension (from Normal Retirement Date until age 65)	Nil	
EDP Income (from Actual Retirement Date until age 55)		Nil
EDP Income (from age 55 until age 65)		Nil
EDP Lump Sum		Nil
Compensation Lump Sum (Note 2)		Nil
Totals		
Overall Saving/Cost * <i>*Delete as appropriate</i>	£	

Note 1.

Express in years showing part years to 4 decimal places e.g. 3 years 103 days = 3.2822 years

Note 2.

$(FRE \div 4) \times \text{uncompleted years} = \text{CLS}$

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DIRECTED EARLY RETIREMENT – AFPS 05 MEMBER OVER AGE 55 AT ACTUAL RETIREMENT DATE - VALUE FOR MONEY CASE

Name of candidate:

Basic Data

- a. Date of Birth:
- b. Rank:
- c. Final Relevant Earnings (FRE): £
- d. Normal Retirement Date:
- e. Actual Retirement Date:
- f. Uncompleted service (d-e).
Express in years to 4 decimal places (**Note 1**):
- g. No. of years' reckonable service @ Actual Retirement Date:

A	FRE @ Normal Retirement Date	£	
B	FRE @ Actual Retirement Date	£	
C	Uncompleted Service (express in years to 4 decimal places)Years	
D	Pension Lump Sum @ Normal Retirement Date	£	
E	Pension Lump Sum @ Actual Retirement Date	£	
F	Compensation Lump Sum (Note 2)	£	
		<u>Cost</u>	<u>Saving</u>
	A – B x C		£
	D – E		£
	F	£	
	Totals	£	£
	Overall Saving/ Cost * <i>* Delete as appropriate</i>	£	£

Note 1.

Express in years showing part years to 4 decimal places e.g. 3 years 103 days = 3.2822 years

Note 2.

$(FRE \div 4) \times \text{uncompleted years} = \text{CLS}$

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