

2. The rate of preserved pension will be:

(a) Officers—except Chaplains. For each year of reckonable service (from the age of 21 years) 3 per cent. of the 34 year rate of service retired pay appropriate to the rank or ranks for service retired pay purposes.

(b) Chaplains

(i) with less than 10 years' reckonable service. For each year of reckonable service 3 per cent. of the 34 year rate of the service retired pay of a Lieutenant RN.

(ii) with 10 or more years' reckonable service. For each year of reckonable service 3 per cent. of the 34 year rate of the service retired pay of a Lieutenant-Commander RN.

(c) Ratings RN and Other Ranks RM. For each year of reckonable service (from the age of 18 years), 2.75 per cent. of the 37 year rate of service pension appropriate to the rank or ranks for service pension purposes.

Preserved terminal grant at three times the value of preserved pension will also be paid.

3. The preserved pension and terminal grant will normally be paid when the officer, rating or other rank attains the age of 60 years though payment may be made earlier if the pensioner becomes permanently incapable of working through physical or mental infirmity. The preserved pension when paid will be adjusted in accordance with such pensions increase measures as are applicable at the time of payment and the preserved terminal grant will be similarly adjusted.

4. Any award of a preserved pension and terminal grant payable at age 60 is in lieu of any gratuities previously payable to ratings or other ranks who leave the Service before qualifying for an immediate award of service pension and terminal grant. However, officers serving on pensionable commissions on or after 31st March 1977 who may be eligible for the payment of a gratuity (see Schedule II) may, if they leave the Service before 6th April 1978, opt to receive a gratuity as presently authorised in place of preserved benefits, and resettlement grant (see Section V of Schedule X) if any.

5. The Secretary of State for Defence may make, forfeit or abate a preserved pension for life. Such permanent forfeiture or abatement will normally be made only if an officer or rating or other rank commits a grave offence against the State or a serious offence against military discipline. For lesser offences or for unsatisfactory service no abatement will be made and a preserved pension and terminal grant will normally be paid in full at the age of 60 years.

6. A preserved pension will not be commutable in any circumstances.

Former Service

7. Where a preserved pension and terminal grant have been awarded for former service and the officer, rating or other rank re-enters within 5 years of release, the preserved pension and terminal grant will be cancelled. On final retirement former service added to re-employed service will be assessed under the provisions of the Order in Council current at the time of final release.

SCHEDULE VIII

Restoration of Forfeited or Abated Retired Pay and Pensions

Retired Pay and Pensions abated or forfeited for Misconduct

1. Any abatement or forfeiture of retired pay or pensions made under Clause 25 of Schedule I or Clause 4 of Schedule V may be restored, within the limits laid down in Clause 2 of Schedule VII at the age of 60 years, but where forfeiture or abatement has been made for a grave offence against the State or a serious offence against military discipline such forfeiture or abatement may only be lifted or restored either wholly or in part at the discretion of the Secretary of State for Defence. In these latter circumstances the Secretary of State for Defence may authorise such an adjustment of retired pay or pension at the age of 60 years, or at any time thereafter up to the age of 65 years. Any restoration of retired pay or pension will attract pension increases and a corresponding re-assessment and payment of terminal grant amounting to three times the sum of the restored element of retired pay and pension as adjusted by the appropriate pension increase measures.

Premature Voluntary Retirement

2. Officers who retire prematurely at their own request on or after 1st April 1977 and who suffer an abatement of their immediate retired pay will, on attaining the age of 60 years and where it is to their advantage, have their retired pay and terminal grant re-assessed using the accrual rates set out in Clause 2 of Schedule VII. Pension increases will be applied to any such re-assessment.

3. No abatement for premature voluntary retirement will be taken into account when assessing an award of preserved retired pay, and terminal grant.

SCHEDULE IX

SECTION 1

1. The provisions of this Schedule shall apply to regular officers and ratings or other ranks of the Royal Navy and Royal Marines (including officers and ratings of the Women's Royal Naval Service and Queen Alexandra's Royal Naval Nursing Service) who are retired compulsorily for redundancy on or after 1st April 1977.

2. (a) Where an officer or rating who has received compensation under the provisions of this Schedule is within five years of redundancy re-employed in peacetime in any one of the Armed Forces, he shall be required to refund a proportion of any special capital payment paid to him, in accordance with the provisions of Clause 8 of Schedule III or Clause 30 of Schedule V as appropriate.

(b) Where an officer, rating or other rank who has received compensation under the terms of this Schedule takes up a retired officer or similar post in the Ministry of Defence or other Government department or obtains an established appointment in the Home Civil Service or Foreign Service under special schemes which reserve vacancies for former members of the Forces, he shall, if taking up the appointment within 2 years of his premature retirement, discharge or transfer to the reserve, be required to refund such part of the special capital payment as the Secretary of State for Defence may determine.

SECTION II

Special Capital Payments to Officers on Permanent Commissions

3. (a) An officer of the rank of Rear Admiral or below who is prematurely retired under a redundancy programme on or after 1st April 1977 may be granted a tax-free Special Capital Payment as set out below in addition to any award for which he may be eligible.

(b) The payments set out below for whole years of service may be enhanced in respect of each further calendar month of completed or uncompleted service by 1/12th of the extra compensation payable for a further year of uncompleted service, subject to a maximum enhancement not in excess of 18 months' pay in the case of officers with 12 years' qualifying service or more or 19 months' pay where an officer has less than 12 years' qualifying service.