SECTION 7

PENSIONS AND PROCEDURES
FOR PENSIONS AND GRATUITIES

PENSIONS

GENERAL

1.   A pension is a regular payment to people who have served in the Armed Forces for a specific period

QUALIFICATION

2.   Discharge from the forces on the following ground entitle an officer/soldier to qualify for a pension:

    a.   Age. Discharge from the forces on reaching the age of fifty-five.

    b.   Voluntary Discharge. Voluntary resigning from the service.

    c.   Service No Longer Required. When the Armed Forces terminates your service.

    d.   Medical Ground. When an officer or soldier is no longer medically fit to continue in the Armed Forces.

    e.   Compulsory Retirement (Redundancy). When the Armed Forces makes a person redundant.

    f.   DISMISSAL.

GRATUITY

3.   Gratuity is a payment given to an officer or soldier in appreciation for the number of years served in the Armed Forces. To qualify for a gratuity in the Forces an officer/soldier has to have served a minimum of 10 years service.

EX-GRATIA

4.   Ex-Gratia is a payment given to officers and soldiers who have served less than 10 years in the Armed Forces in appreciation for their service rendered. ANYONE WHO RECEIVES EX-GRATIA DO NOT QUALIFY FOR A PENSION.

COMPUTATION OF PENSION, GRATUITY AND EX-GRATION

5.   Examples of how to calculate the amount of money a officer or soldier will receive are at Annex A.

EXAMPLES OF HOW TO CALCULATE PENSION, GRATUITY AND EX-GRATIA

PENSION AND GRATUITY

13160000 PTE JONES enlisted into the Armed Forces on 1 September 1974 and was discharged on the 14 December 2002 as a WO1.

Computation:

	Year	Month	Day
Date of Discharge	2002	12	14
Date of Enlistment	1974	09	01
Years of service =	28	3	13

Therefore Pensionable = 28 years, 3 months and 13 days

Convert years and months served into months only

Therefore = 28 years x 12 months + 3 months = 339 months[1]

Basic Salary[2] = 171, 360, 00 leones
Annual Salary = 171, 360, 00 leones X 12 months = 2,056,320 leones

To work out the pension the following formula is used:

Annual Salary multiplied by number of completed months divided by 600

Therefore 2,056,320 leones x 339 divided by 600 = 1,161,820.80 leones

A full pension without gratuity would therefore be **1,161,820.80 leones per year**
A monthly pension would therefore be 1,161,820.80 divided by 12 = 96, 818.40 leones.

When a gratuity is claimed the officer or soldier is given a reduced pension:

Divide the full pension by 4 and multiply by 3 to get the Reduced Pension

1,161,820.80 divided by 4 x 3 = a reduced annual pension of 871,365.60
Therefore the monthly pension = 72,613.80 leones

The gratuity is worked out by dividing the full pension by 4 and multiplying by 12.5
Therefore 1,161,820 leones divided by 4 x 12.5 = 3, 630, 690 leones

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[1] Only completed months count towards the calculation.
[2] Basic salary does not include allowances.

EX GRATIA

I:1 0000 PTE SMITH enlisted into the Armed Forces on 20 September 1991 and was discharged on the 8 April 2001 as a Pte.

	Year	Month	Day
Date of Discharge	1991	04	08
Date of Enlistment	2001	09	20
Years of service	0	06	18

Basic salary[3] = 49,600

Annual Salary = 595,200 (49,600 x 12 months)

To work out the Ex Gratia = Annual Salary divided by 15 x 9

Therefore 595,200 divided by 15 x 9   (= 357,120.00 leones)

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[3] Basic salary does not include allowances