# WORKED ANSWER XYZ SCHEME ACT => RET (LATE)

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| **MARTINA ELLIOTT – CATEGORY A**  Date of birth: | 16/02/1953 |
| Date of joining scheme: | 30/05/1994 |
| Date of retirement: | 02/09/2020 |
| Age at date of retirement: | 67 years & 6 months |
| Normal pension age: | 65 |
| Type of retirement: | Late retirement |
| Pre-1997 pens’able service – 4 days: | 2 years & 311 days [30/05/1994-05/04/1997] |
| Post-1997 pens’able service (1) – 4 days: | 8 years & 270 days [06/04/1997-31/12/2005] |
| Post-1997 pens’able service (2) – 3 days: | 7 years & 324 days [01/01/2006-20/11/2013] |
| Post-1997 pens’able service (3) – 4 days: | 4 years & 88 days [21/11/2013-16/02/2018] |
| Post-1988 GMP @ DOR: | £706.16 |
| Commutation factor | 13.20 (age 67yrs & 6mths) |
|  | *13.32 – [6/12 x 0.24 = 0.12]* |
| Late retirement factor: | 120% (rounded to nearest integer) |
|  | *116% + [6/12 x 8 = 4.00%]* |

Final pensionable salary is the greater of the following:

* Final pensionable salary calculated at NPD or earlier date of retirement:

2013 = £39,200.00

2014 = £43,100.00

2015 = £42,600.00

2016 = £45,200.00

2017 = **£48,200.00**

# Option 1 – Full Pension

Member: 2 + (311/365) / 70 x £48,200.00 x 4/5 = £1,571.07 pa

8 + (270/365) / 70 x £48,200.00 x 4/5 = £4,814.34 pa

7 + (324/365) / 70 x £48,200.00 x 3/5 = £3,258.74 pa

4 + (88/365) / 70 x £48,200.00 x 4/5 = £2,336.24 pa

£11,980.39 pa

£11,980.39 x 1.20 = **£14,376.47 pa**

Spouse: £14,376.47 x 50% = £7,188.24 pa

**GMP Check:**

Pre-1997 pension v GMP: £1,571.07 x 1.20 = £1,885.28 v £706.16 => ok

OR

Total v post-1997 pension + GMP: £14,376.47 v ([10,409.32 x 1.20] + £706.16 = £13,197.34) => ok

***Lifetime Allowance Check:*** £14,376.47 x 20 x 100 / £1,073,100.00 = **26.79%**

*26.79% is within the member’s LTA balance of 85.92%*

**OR**

# Option 2 – Pension Commencement Lump Sum and Residual Pension Lump Sum:

£14,376.47 x 20 / [3 + (20 / 13.20)] = **£63,681.01**

***Lifetime Allowance Check:*** £63,681.01 x 100 / £1,073,100.00 = **5.93%**

**Residual Pension:**

£14,376.47 – (£63,681.01 / 13.20 = £4,824.32) = **£9,552.15 pa**

Spouse: £14,376.47 x 50% = £7,188.24 pa

**GMP Check:**

£9,552.15 pa is greater than GMP of £706.16 pa (therefore no lump sum restriction required)

***Lifetime Allowance Check:*** £9,552.15 x 20 x 100 / £1,073,100 = **17.80%**

Total Lifetime Allowance for Option 2 = 5.93 + 17.80 = **23.73%**

*23.73% is within the member’s LTA balance of 85.92%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£14,376.47** per annum, of which **£13,670.31** per annum increases at the lower of RPI and 5.0% and **£706.16** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **26.79%**, which is within the percentage LTA remaining of 85.92%.

A spouse’s pension of **£7,188.24** per annum

OR

*Option 2 – Pension Commencement Lump Sum & Residual Pension*

A pension commencement lump sum of **£63,681.01** plus a residual pension of **£9,552.15** per annum, of which **£8,845.99** per annum increases at the lower of RPI and 5.0% and **£706.16** per annum increases at the lower of CPI and 3.0% (post-1988 GMP). LTA used is **5.93%** for the pension commencement lump sum and **17.80%** for the residual pension [total LTA = **23.73%**], which is within the percentage LTA remaining of 85.92%.

A spouse’s pension of **£7,188.24** per annum