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

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| **JANE FOSTER – CATEGORY B**  Date of birth: | 05/09/1955 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 05/09/2020 |
| Age at date of retirement: | 65 years |
| Normal pension age: | 65 |
| Type of retirement: | Normal retirement |
| Augmentation (payable from NPD): | £4,474.97 per annum |
| Commutation factor | 13.80 |

Pensionable service to 3 July 2011 (06/11/1997 to 03/07/2011): 13 years 240 days Final pensionable salary is the greater of the following:

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

2016 = £68,400.00

2017 = £69,250.00

2018 = £70,180.00

2019 = £71,750.00

2020 = **£72,000.00**

* Final pensionable salary at 3 July 2011 increased by the lower of 5%/RPI from 4 July 2011 to NPD or earlier date of retirement:

£57,000.00 @ 28.9% = **£73,473.00**

Greater of £72,000.00 and £73,473.00 = **£73,473.00**

# Option 1 – Full Pension

Member: 13 + (240/365) / 60 x £73,473.00 = £16,724.33 pa

Augmentation**:**  = £4,474.97 pa

**£21,199.30 pa**

Spouse: £21,199.30 x 50% = £10,599.65 pa

***Lifetime Allowance Check:*** £21,199.30 x 20 x 100 / £1,073,100.00 = **39.51%**

*39.51% is within the member’s LTA balance of 83.40%*

**OR**

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

£21,199.30 x 20 / [3 + (20 / 13.80)] = **£95,293.27**

***Lifetime Allowance Check:*** £95,293.27 x 100 / £1,073,100.00 = **8.88%**

**Residual Pension:**

£21,199.30 – (£95,293.27 / 13.80 = £6,905.31) = **£14,293.99 pa**

Spouse: £21,199.30 x 50% = £10,599.65 pa

***Lifetime Allowance Check:*** £14,293.99 x 20 x 100 / £1,073,100.00 = **26.64%**

Total Lifetime Allowance for Option2 = 8.88 + 26.64 = **35.52%**

*35.52% is within the member’s LTA balance of 83.40%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£21,199.30** per annum, including the augmented pension of **£4,474.97** per annum, which increases at the lower of RPI and 5.0%. LTA used is **39.51%**, which is within the percentage LTA remaining of 83.40%.

A spouse’s pension of **£10,599.65** per annum, which increases at the lower of RPI and 5.0%.

OR

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

A pension commencement lump sum of **£95,293.27** plus a residual pension of **£14,293.99** per annum, including the augmented pension of **£4,474.97** per annum, which increases at the lower of RPI and 5.0%. LTA used is **8.88%** for the pension commencement lump sum and **26.64%** for the residual pension [total LTA = **35.52%**], which is within the percentage LTA remaining of 83.40%.

A spouse’s pension of **£10,599.65** per annum, which increases at the lower of RPI and 5.0%.