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

# CHRISTOPHER BEATTIE

Date of birth: 09/06/1952

Date of retirement: 07/09/2020

Age at date of retirement: 68 years & 2 months

Normal pension age: 65

Type of retirement: Late retirement

Spouse’s date of birth: 31/01/1948 (spouse < 10 years younger)

Pre 6 April 2006 CARE pension @ 5 April 2020: £7,874.30

Post 5 April 2006 CARE pension @ 5 April 2020: £9,174.34

Pro-rata CPI: 1.60%

Pensionable Earnings figure from 6 April 2020: £50,633.33 [(£52,750+£50,150+£49,000) / 3] Final Scheme Year Pensionable Service: 5mths (06/04/2020-07/09/2020)

Contractual Salary (***FTE***): £55,500.00

Underpin - Total Service to DOR (***FTE***): 23yrs & 5mths (06/04/1997-07/09/2020)

Underpin - Pre ’06 Service (***FTE***): 09yrs & 0mths (06/04/1997-05/04/2006)

Underpin - Post ’06 Service to DOR (***FTE***): 14yrs & 5mths (06/04/2006-07/09/2020)

Commutation Factor: 13.04 (Age 68yrs & 2mths)

*[13.08 – (0.24 x 2/12 = 0.02) = 13.04]*

# CARE Pension Member Spouse (40%)

Pre 6 April 2006 CARE pension: £ 7,874.30

Pro-rata CPI increase: £7,874.30 x 1.60% = £ 125.99

Total: £ 8,000.29 pa £3,200.12 pa

Post 5 April 2006 CARE pension: £ 9,174.34 Pro-rata CPI increase: £9,174.34 x 1.60% = £ 146.79

Final Scheme Year Pension to DOR: £50,633.33 x 5/12 x 1/80 x 4/5 = £ 210.97

Total: £ 9,532.10 pa £3,812.84 pa

# Total CARE Pension:

£8,000.29 + £9,532.10 = **£ 17,532.39 pa £7,012.96 pa**

# Final Salary Underpin

Underpin - Pre ’06: £55,500.00 x 9 x 1/100 = £ 4,995.00 pa

Underpin - Post ’06 £55,500.00 x 145/12 x 1/100

 x 4/5 = £ 6,401.00 pa

# Total Underpin Pension:

£4,995.00 + £6,401.00 = **£ 11,396.00 pa**

# Total CARE Pension of £17,532.39 pa exceeds Total Underpin Pension of £11,396.00 pa!

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| **Option 1 – Full Pension** CARE pension: | **Member****£17,532.39 pa** | **Spouse** (40%)**£7,012.96 pa** |

***Lifetime Allowance Check*:** £17,532.39 x 20 x 100 / £1,073,100.00 = **32.67%**

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| *32.67% is within the member’s LTA balance of 100.00%* |  |

# Option 2 – Pension Commencement Lump Sum & Residual Pension

# Lump Sum

20 x £17,532.39 / [3 + (20 / 13.04)] = **£ 77,341.80**

***Lifetime Allowance Check*:** £77,341.80 x 100 / £1,073,100.00 = **7.20%**

# Residual Pension

£17,532.39 – (£77,341.80 / 13.04 = £5,931.12) = **£ 11,601.27 pa**

Pre 6 April 2006 = £ 8,000.29 pa

Post 5 April 2006 = £ 3,600.98 pa

Spouse’s Pension unchanged @ £7,012.96 pa (Pre ’06 = £3,200.12 pa & Post ’06 = £3,812.84 pa)

***Lifetime Allowance Check*:** £11,601.27 x 20 x 100 / £1,073,100.00 = **21.62%**

Total Lifetime Allowance for Option 2 = 7.20 + 21.62 = **28.82%**

# *28.82% is within the member’s LTA balance of 100.00%*

# Summary Answer

*Option 1 – Pension Only*

A full CARE pension of **£17,532.39** per annum, of which **£8,000.29** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£9,532.10** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **32.67%**, which is within the percentage LTA remaining of 100.00%.

A spouse’s CARE pension of **£7,012.96** per annum, of which **£3,200.12** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£3,812.84** per annum increases at the lower of RPI and 2.5% (post-2006).

OR

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

A pension commencement lump sum of **£77,341.80** plus a residual CARE pension of **£11,601.27** per annum, of which **£8,000.29** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£3,600.98** per annum increases at the lower of RPI and 2.5% (post-2006). LTA used is **7.20%** for the pension commencement lump sum and **21.62%** for the residual pension [total LTA = **28.82%**], which is within the percentage LTA remaining of 100.00%.

A spouse’s CARE pension of **£7,012.96** per annum, of which **£3,200.12** per annum increases at the lower of RPI and 5.0% (pre-2006) and **£3,812.84** per annum increases at the lower of RPI and 2.5% (post-2006).