# WORKED ANSWER RST SCHEME ACTIVE => RETIREMENT (NORMAL)

# WARREN RYDZ

Date of birth: 05/09/1956

Date of retirement: 05/09/2021

Age at date of retirement: 65 years

Normal pension age: 65

Type of retirement: Normal retirement

Spouse’s date of birth: 23/03/1947 (spouse < 10 years younger)

Pre 6 April 2006 CARE pension @ 5 April 2021: £7,888.53

Post 5 April 2006 CARE pension @ 5 April 2021: £5,377.94

Pro-rata CPI: 1.40%

Pensionable earnings figure from 6 April 2021: £35,400.00 [(£34,800+£35,400+£36,000) / 3] Final scheme year pensionable service: 5mths (06/04/2021-05/09/2021)

Contractual salary: £37,500.00

Underpin - total service to DOR: 31yrs & 5mths (06/04/1990-05/09/2021)

Underpin - pre ’06 service: 16yrs & 0mths (06/04/1990-05/04/2006)

Underpin - post ’06 service to DOR: 15yrs & 5mths (06/04/2006-05/09/2021)

S/Life pension (level/non-commutable): £1,500.00

Commutation factor: 13.80 (Age 65yrs)

# CARE Pension Member Spouse (*40%*)

Pre 6 April 2006 CARE pension: £ 7,888.53

Pro-rata CPI increase: £7,888.53 x 1.40% = £ 110.44

Total: ***£ 7,998.97 pa*** ***£3,199.59 pa***

Post 5 April 2006 CARE pension: £ 5,377.94 Pro-rata CPI increase: £5,377.94 x 1.40% = £ 75.29

Final Scheme Year Pension to DOR: £35,400.00 x 5/12 x 1/80 = £ 184.38

Total: ***£ 5,637.61 pa*** ***£2,255.04 pa***

# Total CARE Pension (excluding Augmentation):

£7,998.97 + £5,637.61 = **£ 13,636.58 pa £5,454.63 pa**

# Total CARE Pension (including Augmentation):

£7,998.97 + £5,637.61 + £1,500.00 (s/life) = **£ 15,136.58 pa £5,454.63 pa**

# Final Salary Underpin

Underpin - Pre ’06: £37,500.00 x 16 x 1/100 = ***£ 6,000.00 pa***

Underpin - Post ’06 £37,500.00 x 155/12 x 1/100 = ***£ 5,781.25 pa***

# Total Underpin Pension (excluding Augmentation):

£6,000.00 + £5,781.25 = **£ 11,781.25 pa**

# Total Underpin Pension (including Augmentation):

£6,000.00 + £5,781.25 + £1,500.00 (s/life) = **£ 13,281.25 pa**

# Total CARE Pension (excluding Augmentation) of £13,636.58 pa exceeds Total Underpin Pension of

# £11,781.25 pa (excluding Augmentation)!

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| **Option 1 – Full Pension** CARE pension: | **Member****£15,136.58 pa** | **Spouse** (***40%***)**£5,454.63 pa** |

***Lifetime Allowance Check*:** £15,136.58 x 20 x 100 / £1,073,100.00 = **28.21%**

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| --- | --- |
| *28.21% is within the member’s LTA balance of 85.78%* |  |

# Option 2 – Pension Commencement Lump Sum & Residual Pension

20 x £13,636.58 (*excluding* Augmentation) / [3 + (20 / 13.80)] = **£ 61,297.98**

***Lifetime Allowance Check*:** £61,297.98 x 100 / £1,073,100.00 = **5.71%**

# Residual Pension:

£15,136.58 – (£61,297.98 / 13.80 = £4,441.88) = **£ 10,694.70 pa**

Pre 6 April 2006 = ***£ 7,998.97 pa***

Post 5 April 2006 = ***£ 1,195.73 pa***

Augmentation = ***£ 1,500.00 pa***

Spouse’s Pension unchanged @ **£5,454.63 pa** (Pre ’06 = ***£3,199.59 pa*** & Post ’06 = ***£2,255.04 pa***)

***Lifetime Allowance Check*:** £10,694.70 x 20 x 100 / £1,073,100.00 = **19.93%**

Total Lifetime Allowance for Option 2 = 5.71 + 19.93 = **25.64%**

# *25.64% is within the member’s LTA balance of 85.78%*

# Summary Answer

*Option 1 – Pension Only*

A full pension of **£15,136.58** **per annum**, of which **£7,998.97** **per annum** increases at the lower of RPI and 5.0% (pre-2006), **£5,637.61 per annum** increases at the lower of RPI and 2.5% (post-2006) and **£1,500.00** **per annum** is non-increasing. LTA used is **28.21%**, which is within the percentage LTA remaining of **85.78%**.

A spouse’s pension of **£5,454.63** **per annum**, of which **£3,199.59 per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£2,255.04** **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 **£61,297.98** plus a residual pension of **£10,694.70** **per annum**, of which **£7,998.97 per annum** increases at the lower of RPI and 5.0% (pre-2006), **£1,195.73** **per annum** increases at the lower of RPI and 2.5% (post-2006) and **£1,500.00** **per annum** is non-increasing. LTA used is **5.71%** for the pension commencement lump sum and **19.93%** for the residual pension [total LTA = **25.64%**], which is within the percentage LTA remaining of **85.78%**.

A spouse’s pension of **£5,454.63** **per annum**, of which **£3,199.59 per annum** increases at the lower of RPI and 5.0% (pre-2006) and **£2,255.04** **per annum** increases at the lower of RPI and 2.5% (post-2006).