# WORKED ANSWER XYZ SCHEME ACTIVE TO LATE RETIREMENT

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| **VICTOR GREEN – CATEGORY B**  Date of birth: | 07/01/1955 |
| Date of joining scheme: | 06/11/1997 |
| Date of retirement: | 08/09/2021 |
| Age at date of retirement: | 66 years & 8 months |
| Normal pension age: | 65 (= 07/01/2020) |
| Type of retirement: | Late retirement |
| Pensionable service (1): | 5 years & 217 days [06/11/97-10/06/03] |
| Pensionable service (2): | 2 years & 217 days [11/06/03-13/01/06] |
| Pensionable service (3): | 5 years & 171 days [14/01/06-03/07/11] |
| Commutation factor | 13.40 (age 66yrs & 8mths) |
|  | 13.56 – [8/12 x 0.24 = 0.16] |
| Late retirement factor: | 113% (rounded to nearest integer) |
|  | 8% + [8/12 x 8 = 5.33%] |

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:

2015 = £38,300.00

2016 = £39,940.00

2017 = £41,667.00

2018 = £43,280.00

2019 = ***£44,182.00***

* Final pensionable salary at 3 July 2011 increased by the lower of 5.0% / RPI from 4 July 2011 to NPD or earlier date of retirement:

£30,200.00 @ 33.6% = ***£40,347.20***

Greater of £44,182.00 and £40,347.20 = **£44,182.00**

# Option 1 – Full Pension

Member: 5 + (217/365) / 60 x £44,182.00 = £4,119.62 pa

2 + (217/365) / 60 x £44,182.00 x 3/5 = £1,146.31 pa

5 + (171/365) / 60 x £44,182.00 = £4,026.82 pa

£9,292.75 pa

£9,292.75 x 1.13 = **£10,500.81 pa**

Spouse (payable on death): £10,500.81 x 50% = **£5,250.41 pa**

***Lifetime Allowance Check:*** £10,500.81 x 20 x 100 / £1,073,100.00 = **19.57%**

*19.57% is within the member’s LTA balance of 83.28%*

**OR**

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

£10,500.81 x 20 / [3 + (20 / 13.40)] = **£46,747.79**

***Lifetime Allowance Check:*** £46,747.79 x 100 / £1,073,100.00 = **4.35%**

**Residual Pension:**

£10,500.81 – (£46,747.79 / 13.40 = £3,488.64) = **£7,012.17 pa**

Spouse (payable on death): £10,500.81 x 50% = **£5,250.41 pa**

***Lifetime Allowance Check:*** £7,012.17 x 20 x 100 / £1,073,100 = **13.06%**

Total Lifetime Allowance for Option 2 = 4.35 + 13.06 = **17.41%**

*17.41% is within the member’s LTA balance of 83.28%*

**Summary Answer**

*Option 1 – Pension Only*

A full pension of **£10,500.81** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **19.57%**, which is within the percentage LTA remaining of **83.28%**.

A spouse’s pension of **£5,250.41** **per annum**

OR

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

A pension commencement lump sum of **£46,747.79** plus a residual pension of **£7,012.17** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **4.35%** for the pension commencement lump sum and **13.06%** for the residual pension [total LTA = **17.41%**], which is within the percentage LTA remaining of **83.28%**.

A spouse’s pension of **£5,250.41** **per annum**