**WORKED ANSWER XYZ SCHEME PRESERVED TO RETIREMENT**

**CATHERINE PINK – CATEGORY B**

Date of birth: 09/09/1956

Date of joining scheme: 06/11/1997

Date of leaving scheme: 23/10/2007

Date of retirement: 09/09/2021

Age at date of retirement: 65 years

Normal pension age: 65

Type of retirement: Preserved to normal retirement

Preserved pension at DOL: £5,767.40

AVCs (value): £19,558.16

S/Life AVC pension (payable immediately): £1,007.95

J/Life AVC pension (payable immediately): £890.84

Pension revaluation: 59.8% (lower 5%/RPI)

Commutation factor: 13.80 (age 65 years)

# Option 1A – Full Pension

Pension at DOR: £5,767.40 @ 59.80% = ***£9,216.31 pa***

AVCs (S/Life): ***£1,007.95 pa***

Total pension: **£10,224.26 pa**

Spouse: £9,216.31 x 50% = **£4,608.16 pa**

***Lifetime Allowance Check*:** £10,224.26 x 20 x 100 / £1,073,100.00 = **19.05%**

*19.05% is within the member’s LTA balance of 92.44%*

**OR**

# Option 1B – Full Pension

Pension at DOR: £5,767.40 @ 59.80% = ***£9,216.31 pa***

AVCs (J/Life): ***£890.84 pa***

Total pension: **£10,107.15 pa**

Spouse (payable on death): £10,107.15 x 50% = **£5,053.58 pa**

***Lifetime Allowance Check*:** £10,107.15 x 20 x 100 / £1,073,100.00 = **18.83%**

*18.83% is within the member’s LTA balance of 92.44%*

**OR**

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

£9,216.31 x 20 / [3 + (20 / 13.80)] = ***£41,428.36***

Plus 25% of current value of AVC fund (£19,558.16 x 25%) = ***£4,889.54***

Total **£46,317.90**

***Lifetime Allowance Check*:** £46,317.90 x 100 / £1,073,100.00 = **4.31%**

# Residual Pension:

£9,216.31 – ([£46,317.90 - £19,558.16] / 13.80 = £1,939.11) = **£7,277.20 pa**

Spouse (payable on death): £9,216.31 x 50% = **£4,608.16 pa**

***Lifetime Allowance Check*:** £7,277.20 x 20 x 100 / £1,073,100.00 = **13.56%**

Total Lifetime Allowance for Option 2 = 4.31 + 13.56 = **17.87%**

# *17.87% is within the member’s LTA balance of 92.44%*

**Summary Answer**

*Option 1A – Pension Only (AVCs single life)*

A full pension of **£10,224.26** **per annum** (including a single life AVC pension of **£1,007.95 per annum**), which increases at the lower of RPI and 5.0%. LTA used is **19.05%**, which is within the percentage LTA remaining of **92.44%**.

A spouse’s pension of **£4,608.16** **per annum**, which increases at the lower of RPI and 5.0%.

OR

*Option 1B – Pension Only (AVCs joint life)*

A full pension of **£10,107.15** **per annum** (including a joint life AVC pension of **£890.84 per annum**), which increases at the lower of RPI and 5.0%. LTA used is **18.83%**, which is within the percentage LTA remaining of **92.44%**.

A spouse’s pension of **£5,053.58** **per annum** (including a joint life AVC pension of **£445.42 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 **£46,317.90** (inclusive of the current value of the member’s AVC fund of **£19,558.16**) plus a residual pension of **£7,277.20** **per annum**, which increases at the lower of RPI and 5.0%. LTA used is **4.31%** for the pension commencement lump sum and **13.56%** for the residual pension [total LTA = **17.87%**], which is within the percentage LTA remaining of **92.44%**.

A spouse’s pension of **£4,608.16** **per annum**, which increases at the lower of RPI and 5.0%.

**Note**

If Catherine Pink wishes to take her AVCs flexibly outside of the XYZ Pension and Life Assurance Scheme, she can transfer them to a suitable alternative arrangement that is willing and able to accept them.